

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 I did, in the 2002 and forward time
3 frame. My meetings with the rating
4 agencies would have been extremely
5 limited and much more on the kind of
6 platform-level description of how we
7 acquired the loans, not on specific pool
8 rating agency levels.

9 MR. KREBS: What interface did you
10 have with the Bear Stearns trading desk,
11 if any?

12 MS. HAGGERTY: Well, Jeff
13 Verschleiser was a senior trader on the
14 trading desk, and I spoke to Jeff quite a
15 bit. If you think in terms of the desk,
16 there were traders that were responsible
17 for pricing to buy the assets --

18 MR. KREBS: Um-hum.

19 MS. HAGGERTY: -- and then there
20 were traders responsible for pricing the
21 new issues to sell the securities, and
22 there were traders that specialized in
23 the AAA tranches and traders that
24 specialized in the credit tranches, and
25 structure people. So it was quite a

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 large number of people.

3 So the folks that I would interface
4 with were chiefly the traders responsible
5 for pricing the acquisition
6 (indiscernible).

7 MR. KREBS: Credit tranches, what
8 are they?

9 MS. HAGGERTY: In its simplest
10 format, a -- what we would call a senior
11 subordinate shifting infrastructure, a
12 pool of one-to-four family residential
13 mortgage loans would go into a trust.
14 And then tranches would be created that
15 were rated AAA, AA, A, BBB, BB, B and
16 unrated. So those were referred to as --
17 as credit tranches, meaning that the
18 credit designation the rating agency
19 ascribed to it.

20 MR. KREBS: What would you do, if
21 you know -- you may not -- with those
22 tranches for which you could not find a
23 purchaser in connection with registered
24 offerings? What happened to those?

25 MS. HAGGERTY: If a purchaser wasn't

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 found, I believe the broker-dealer kept
3 it in inventory. They may have been on
4 EMC's balance sheet or the broker-dealer;
5 I'm not sure.

6 MS. HAGGERTY: Were they, some of
7 them, subsequently sold to -- BBB
8 tranches to CDO offerings?

9 MS. HAGGERTY: They may have been.
10 I -- I don't know. They may have been.

11 MR. KREBS: What, generally, is --
12 what is your knowledge -- or what is your
13 belief that -- what happened to the
14 equity tranche or the residual tranches?

15 MS. HAGGERTY: I don't know with
16 specificity. They would either be held
17 or sold.

18 MR. KREBS: With respect to those
19 that were sold, do you have any notion as
20 to who were the likely purchasers?

21 MS. HAGGERTY: I don't.

22 MR. CUNICELLI: Are you aware of any
23 aggregation of the equity tranches, of
24 building up of a base on non-saleable
25 equity tranches during any time?

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: Not with any
3 specificity.

4 MR. KREBS: How often did you meet
5 with your folks who were responsible for
6 coordinating with your third party due
7 diligence providers in connection with
8 making a determination as to whether to
9 accept or reject a classification of
10 loans that had been rated as 3s?

11 I hope you understand that question.

12 MS. HAGGERTY: I -- I do. I would
13 say from time to time, but not very
14 often. Much more so earlier in the life
15 of this operation that that we've been
16 describing, so '02-'03, but then as the
17 business grew, much less so.

18 MR. KREBS: Did there come a time as
19 the business was developing that your
20 colleagues and you became a little --
21 became concerned about the quality of the
22 loans that you were seeing?

23 MS. HAGGERTY: yes.

24 MR. KREBS: Were those -- did you
25 see an increase in early default

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 payments?

3 MS. HAGGERTY: We saw an increase in
4 the volume in general, and with that came
5 an increase in the number of early
6 default payments. Part of the quality
7 control review that was done that I
8 described, and then some of the reasons
9 that things were put back, is things that
10 we learned. And so, in response to
11 learning those things, we tried to
12 implement procedures before we bought the
13 loans to detect those types of problems
14 and avoid them.

15 So one of the things that we did is
16 we did a newsletter to all our sellers to
17 point out some of these things that we
18 had seen, like misrepresentation of
19 occupancy, like the undisclosed debts,
20 because the originator is obviously much
21 closer to the situation --

22 MR. KREBS: Yeah.

23 MS. HAGGERTY: -- and should
24 undertake procedures to prevent these
25 types of things from happening.

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MR. KREBS: I would sorely like to
3 see some of those letters. It'd be
4 helpful for me, for the purpose of giving
5 a picture.

6 And I hope you understand what we're
7 doing here. We're trying to give a
8 picture of this market as it developed.
9 And we're trying to superimpose that
10 picture that we get. And the more we
11 talk with folks, the better able we are
12 to do that. And to give a picture of --
13 this is where things begin to get in the
14 ditch. And your awareness of -- folks
15 like yourself and your staff will help us
16 do that. If you can find some of those
17 newsletters, it would be very helpful to
18 us.

19 MS. HAGGERTY: I'll look.

20 MR. KREBS: I would appreciate it.

21 Do you know where they are like --
22 well, of course you do, but this has been
23 years ago, so you have no idea where they
24 are. You didn't retain any, did you?

25 MS. HAGGERTY: I -- you know, if

Page 106

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 they were created on the firm's books and
3 records, they either made it over to the
4 J.P.Morgan or they didn't, right?
5 They're -- they're maybe in some folder
6 someplace.

7 MR. KREBS: You have -- you --
8 you've said that there came a time that
9 you began to see this. Can you tell us
10 the approximate time that you began to
11 see it? And it all -- it may have been
12 gradual, but what period of time would
13 this -- this have been, when you began to
14 notice these changes?

15 MS. HAGGERTY: I don't recall
16 specifically, but I -- if I had to -- I
17 would say certainly in 2006 time frame.
18 Exactly when, I can't tell you, sitting
19 here today. May have been before.

20 MR. KREBS: Do you have any? Yeah,
21 I've got more documents I haven't even
22 touched here. So --

23 And we need another?

24 MS. HAGGERTY: Sure.

25 MR. KREBS: You may or not be

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 familiar with this, but this is
3 information that's been provided us by
4 Clayton having to do with the types of
5 information that are provided by the
6 seller of loan pools to firms like Bear
7 Stearns for purposes of evaluation of
8 a -- or -- preparatory to due diligence
9 on a pool of loans.

10 The data tape, you did receive those
11 in connection with the bids?

12 MS. HAGGERTY: Yes.

13 MR. KREBS: And did you provide them
14 to the due diligence firm or did the
15 seller direct?

16 MS. HAGGERTY: I'm not exactly sure,
17 but I -- I believe what was typical is
18 that we would have provided it to the due
19 diligence firm.

20 MR. KREBS: The underwriting
21 guidelines, that was part of the
22 invitation to bid, as well?

23 MS. HAGGERTY: Yes. We would have
24 to give Clayton a set of guidelines to
25 review against, yes.

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MR. KREBS: And -- and those
3 guidelines that you would have given them
4 would have been the guidelines professed
5 to be in place by the loan originator?

6 MS. HAGGERTY: Correct.

7 MR. KREBS: Okay. And you would --
8 and is it your belief that you provided
9 them or the seller or the loan pool
10 originator provided them?

11 MS. HAGGERTY: With respect to the
12 underwriting guidelines, I don't know. I
13 think it could have been either. I -- I
14 would think it would have been more
15 typical for them to come from us because
16 we're hiring Clayton to do this review,
17 so we would want to be in control of the
18 data --

19 MR. KREBS: Um-hum.

20 MS. HAGGERTY: -- but it very well
21 could be that the seller provided them
22 when Clayton showed up to do the
23 diligence.

24 MR. KREBS: Obviously, the
25 correspondence would be between you

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 and -- and the client and -- and Clayton,
3 and the correspondence related to day-to-
4 day review, that would have been provided
5 by Clayton to you. The final item here
6 is correspondence related to deal review
7 tie-out. What is a deal review tie-out?

8 MS. HAGGERTY: Again, hard to know
9 exactly what they mean here, but based on
10 my experience, what I would believe this
11 to mean is trailing documentation
12 required to clear exceptions.

13 So as I said before, when Clayton
14 has their findings, they would typically
15 communicate that to the due diligence
16 manager, but also to the seller.

17 MR. KREBS: Um-hum.

18 MS. HAGGERTY: So the seller has the
19 opportunity to find missing documentation
20 or to answer questions or to, if you
21 will, cure what Clayton thinks is a --

22 MR. KREBS: Is a 3 --

23 MS. HAGGERTY: -- deficiency.

24 MR. KREBS: -- yeah.

25 MS. HAGGERTY: Right. So the final

Page 110

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 tie-out should be the aggregation of all
3 that data and agreeing at the -- and
4 finalizing the -- the due diligence so
5 that there's an agreement at the end of
6 the engagement, these are the 1s, these
7 are the 2s, these are the 3s, we're
8 closed.

9 MR. KREBS: Who is that -- is that
10 a -- a meeting, a telephonic conference?

11 MS. HAGGERTY: I think it's a
12 telephonic conference or it's highly
13 plausible it would just be e-mail
14 exchanges as well. And that should be
15 the seller, Clayton and the due diligence
16 manager that participates --

17 MR. KREBS: So all three of you
18 would be involved in that?

19 MS. HAGGERTY: That's typically how
20 it should have worked.

21 MR. KREBS: And this is to conclude
22 the due diligence research and tie up any
23 loose questions that might be circulating
24 out there about the due -- conduct of the
25 due diligence?

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

Page 111

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: Correct.

3 MR. KREBS: I'm not entirely certain
4 of what I'm looking at here, but it
5 appears to be a Bear Stearns final report
6 set. This --

7 MS. HAGGERTY: Um-hum.

8 MR. KREBS: -- presumably, is
9 something that you received at the
10 conclusion of the due diligence review by
11 Clayton and/or any other due diligence
12 firm. Is that right?

13 MS. HAGGERTY: This looks like the
14 type of data that would be transmitted,
15 yes. Data upload, due -- due diligent
16 issues upload, IAS on event 1 -- must be
17 individual asset summary --

18 MR. KREBS: All right.

19 MS. HAGGERTY: -- all right, so that
20 would be the -- the individual --

21 MR. KREBS: That's the third item,
22 here? IAS --

23 MS. HAGGERTY: Yeah.

24 MR. KREBS: -- on event 1 loans.

25 All right.

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: And then the same for
3 event 2 and 3. Loan disposition, not
4 sure. And production report, I'm not
5 sure what they mean by that.

6 MR. KREBS: Would this report also
7 have been prepared and -- and delivered
8 to Moody's and S&P? These reports.

9 MS. HAGGERTY: You know, I don't
10 know. I -- I don't think, typically,
11 they would have been. And then I -- and
12 then somewhere along the line, they may
13 have asked for them. But -- but I don't
14 know.

15 This reference you see to
16 S&P/Moody's fields included in the
17 report --

18 MR. KREBS: Um-hum.

19 MS. HAGGERTY: -- you see S&P income
20 documentation type field --

21 MR. KREBS: Right.

22 MS. HAGGERTY: -- S&P had very
23 specific definitions for the
24 documentation type. So I believe that's
25 what this is talking about.

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MR. KREBS: So in anticipation of a
3 submission to S&P, we wanted to make
4 certain that the documentation was in the
5 form identifiable or that S&P was used to
6 seeing?

7 MS. HAGGERTY: Right.

8 MR. KREBS: Okay.

9 MS. CAREY: Tom, do you have any
10 idea the date of this document?

11 MR. KREBS: I do not, which is part
12 of the problem. And I'm -- and I
13 apologize for that, but I'm dealing with
14 what I've got.

15 MS. HAGGERTY: Oh, look at this.
16 Now this is interesting. Look at the
17 footnote here.

18 MR. KREBS: "Grades used in data
19 upload"?

20 MS. HAGGERTY: Their certain system
21 does not accept alpha grade designations,
22 that's why I never heard of a 2W.

23 MR. KREBS: Okay.

24 MS. HAGGERTY: Right, "map it to an
25 event 4 for Bear Stearns". And what

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 event 4 was --

3 MR. KREBS: Yeah.

4 MS. HAGGERTY: -- is the --
5 something that was a three that the due
6 diligence manager looked at --

7 MR. KREBS: Uh-huh.

8 MS. HAGGERTY: -- and said with
9 either additional information from the
10 client, or I disagree with your finding;
11 it's acceptable to us.

12 MR. KREBS: So we've cleared that
13 mystery up.

14 MS. HAGGERTY: Yes.

15 MR. KREBS: So a 2W is an event 4?

16 MS. HAGGERTY: Yes.

17 MR. KREBS: And this decision was
18 made on event 4s by the Bear Stearns due
19 diligence manager?

20 MS. HAGGERTY: Correct.

21 MR. KREBS: So that when we looked
22 at exhibit -- I think it's 2, this one.

23 MS. HAGGERTY: The blue? Yeah.

24 MR. KREBS: The blue --

25 MS. HAGGERTY: Um-hum.

Page 115

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MR. KREBS: -- the all Clayton
3 reject and waiver. If I look at the
4 final waiver rate -- and I'm assuming
5 that that's, of the 11,000 rejected
6 loans, forty-two percent of those were
7 waived in by someone at Bear Stearns.

8 MS. HAGGERTY: Help me read this.

9 MR. KREBS: Okay.

10 MS. HAGGERTY: So we have four --
11 60,000 --

12 MR. KREBS: Reading from left to
13 right, event 1s --

14 MS. HAGGERTY: 60,000. Okay.

15 MR. KREBS: -- and two -- yeah. And
16 then --

17 MS. HAGGERTY: 6,800 rejection.

18 MR. KREBS: Rejections.

19 MS. HAGGERTY: 4,900 WNT. And so
20 you believe that these are the fours?

21 MR. KREBS: That's right.

22 MS. HAGGERTY: All right, so which
23 we would need to confirm, obviously,
24 but -- so 4,900 fours out of 7,200
25 reviewed.

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MR. KREBS: Correct.

3 MS. HAGGERTY: So that's like five
4 percent -- or a little more than that.

5 MR. KREBS: But the -- what I'm a
6 little concerned about, if I go all the
7 way to the right to final waiver, it says
8 "total initial Clayton rejects, 11,000".
9 That must have been --

10 MS. HAGGERTY: Total -- so is
11 that -- is that 6,848 plus 4,923?

12 MR. KREBS: Three and eight is
13 eleven, two, seven -- yeah, that looks
14 like the EV-3s plus the WNT columns added
15 together.

16 MR. KREBS: Okay.

17 MS. HAGGERTY: Right?

18 MR. KREBS: All right.

19 MS. HAGGERTY: So initially, that's
20 the total there. And then sixty-eight
21 stayed as 3s --

22 MR. KREBS: Um-hum.

23 MS. HAGGERTY: -- and forty-nine
24 turned to fours, it looks like.

25 So forty-two percent is forty-nine

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 out of the eleven, it looks like.

3 MR. KREBS: That -- that would
4 appear to be so.

5 MS. HAGGERTY: Okay.

6 MR. KREBS: Yes.

7 MS. HAGGERTY: Okay.

8 Yeah, I mean there are lots of
9 reasons that something goes from a three
10 to a four. And, again, you're not seeing
11 if this is just credit or it's also
12 compliance.

13 One of the things that would
14 typically happen in California is because
15 the way the loans are closed and get from
16 the closing table with the borrower to
17 the mortgage company, and then they would
18 sell them very quickly, you didn't always
19 have the final HUD-1. Without the final
20 HUD-1, you can't do the compliance
21 testing. So if you can't do the
22 compliance testing, you get an event
23 level 3 for compliance and then maybe a
24 week or two later, it comes in and it's
25 fine and you can convert it to a four.

Page 118

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 I'm not saying that's what this
3 is --

4 MR. KREBS: No, no. It's entirely
5 possible --

6 MS. HAGGERTY: -- but it's -- it's
7 possible. Yeah.

8 MR. KREBS: -- because I mean --

9 MS. HAGGERTY: Yeah.

10 MR. KREBS: -- there was a -- a 2W
11 and there was also, as I understand it,
12 a -- a 2T

13 MS. HAGGERTY: What's the 2T?

14 MR. KREBS: That's precisely the
15 document you described.

16 MS. HAGGERTY: Oh, the HUD-1?

17 MR. KREBS: (Indiscernible) leading
18 documents.

19 MS. HAGGERTY: Trailing -- oh, T for
20 trailing.

21 MR. KREBS: Yeah. That's -- that's
22 what would appear.

23 Now, assuming that there is a
24 potential number of the final waiver rate
25 to forty-two percent --

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

Page 119

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: Um-hum.

3 MR. KREBS: -- of course, we have no
4 way of knowing which one of those are Ts
5 and which one are fours under your
6 volumes.

7 MS. HAGGERTY: Right.

8 MR. KREBS: To your knowledge, did
9 Bear Stearns maintain any records that
10 related to decisions to turn event 3
11 loans -- or event -- yeah, 3 -- loans
12 into 4s under Bear Stearns?

13 MS. HAGGERTY: Oh, boy. If they --

14 MR. KREBS: What we could call 2Ws.

15 MS. HAGGERTY: Yeah. If they did,
16 it would probably be, like, in the
17 individual bulk transaction deal file.
18 So in other words, Pattie or John may
19 have made a notation to the file. I -- I
20 don't know where it was captured, and
21 that may have changed over time. But as
22 I sit here today, I can't tell you where
23 to go look for that.

24 MR. KREBS: Do you know where Pattie
25 or John are not?

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: I sure do.

3 MR. KREBS: Where?

4 MS. HAGGERTY: Pattie Sears is
5 sitting in Lewisville, Texas. She still
6 works for J.P.Morgan. And John
7 Mongelluzzo works at GMAC in
8 Philadelphia -- or Fort Washington,
9 whatever it's called.

10 MS. HAGGERTY: Well, that's a
11 surprise, isn't it? It seems to be a
12 home of folks from Bear Stearns.

13 You have any questions, Tom? You,
14 Tom.

15 MR. BORGERS: Yes. I have some
16 questions on the performance of the flow
17 versus the bulk. Was there any studies
18 ever done at Bear Stearns or EMC about
19 the -- comparing the two?

20 MS. HAGGERTY: I believe that there
21 were, from time to time, and I don't
22 recall the results.

23 MR. BORGERS: Also, was your
24 group -- according to the industry, Bear
25 Stearns was a -- an expert in the field

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 and presented many studies or newsletters
3 on -- on the performance of -- of the
4 entire market, individual deals and so
5 on. Did you ever see the performance of
6 your individual deals going back to you
7 as far as the default rates?

8 MS. HAGGERTY: I recall, in early
9 2007, being shown some of that data.
10 Prior to that, no. And in the -- the
11 acquisition operation, the focus was on
12 the entire platform, as opposed to
13 individual deals.

14 So the -- the work that the research
15 group did to look at performance was in
16 connection with trading and
17 securitization -- trading. And
18 performance at the individual deal level
19 didn't come back to the origination
20 operation, except, as I said, in early
21 2007, there was some data that was
22 presented.

23 MR. BORGERS: Now -- now, the
24 quality control group, would they be
25 reviewing each of -- of the sellers of --

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 the originators of these loans on an
3 originator basis?

4 MS. HAGGERTY: The quality control
5 group looked at individual mortgage
6 loans. And it was the general practice
7 that they would look at the first twenty-
8 five, maybe, or fifty loans submitted by
9 a new originator. And, again, I think
10 that was, as a general matter, what the
11 practice was.

12 MR. BORGERS: Well as far as the --
13 looking at the entire pool, did they
14 review all the repurchases -- or they
15 were responsible for all the repurchases
16 for every issue?

17 MS. HAGGERTY: And when you say
18 "issue", you're referring to the deals --

19 MR. BORGERS: Yes.

20 MS. HAGGERTY: -- the
21 securitizations out?

22 The -- the quality control people
23 didn't know what loans were in which
24 deals. They looked at the assets at the
25 originator level or the product level.

Page 123

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MR. BORGERS: So the -- it did
3 not -- you all did not follow the
4 performance of the specific originators
5 until 2007, at least for your group?

6 MS. HAGGERTY: No, the -- the
7 originator -- when you say "follow the
8 performance of an originator", there was
9 a monitoring group at EMC that looked at
10 performance at the originator level,
11 which was separate and apart from the
12 Bear Stearns research group that looked
13 at performance of individual deals.

14 MR. BORGERS: Right. And -- and did
15 they share that information with you?

16 MS. HAGGERTY: Which? The -- the
17 monitoring group at EMC?

18 MR. BORGERS: Exactly.

19 MS. HAGGERTY: Yeah, that was the
20 basis for making decisions about changes
21 to the due diligence protocols as we
22 learned things about breaches of reps and
23 warranties, as I discussed about the
24 newsletter. That was the basis for
25 making decisions to curtail certain

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 products that certain originators could
3 sell, and that was basis for making
4 decisions about ceasing doing business
5 with certain originators.

6 MR. BORGERS: And how long was this
7 group in existence?

8 MS. HAGGERTY: The quality control
9 group that did the loan-level reviews was
10 in existence from the beginning of the
11 flow conduit. And then the monitoring
12 group -- and -- and so was the seller
13 approval. And out of those two groups is
14 what the monitoring grew into. And I
15 would say that the monitoring really
16 started to step up and take more formal
17 shape in the beginning of 2005.

18 MR. BORGERS: But they would also do
19 the -- the bulk, right? It was not just
20 the flow?

21 MS. HAGGERTY: The quality control
22 on the bulk -- yes, that's true, with the
23 exception of large originators of jumbo
24 product. So, specifically, I'm thinking
25 of Wells Fargo and Countrywide. The view

Page 125

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 was that we didn't need to do the same
3 level of quality control or, frankly,
4 that quality control review on those
5 originators because of the track record
6 that they had, because of the financial
7 stability that they had and the large
8 volumes that they did of jumbo product.
9 And also because such large pools were
10 purchased and then securitized, there was
11 disclosure about who they were and the
12 market understood who those originators
13 were.

14 MR. BORGER: So just to get some
15 more clarity on this. So they would
16 follow the originator, so for Fieldstone
17 or Fremont or -- they would -- they would
18 look at it on a -- a deal basis too,
19 right?

20 MS. HAGGERTY: The -- the seller
21 monitoring group at EMC did not look at
22 originators on a deal basis. They looked
23 at the originator's production across
24 everything that they sold.

25 MR. BORGER: So for Fieldstone, for

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 example, if -- if there was a number
3 of -- of early payment defaults, that
4 group would see that there was a hundred
5 early payment defaults, you know, this
6 week or whatever which might cause an
7 alarm -- be much higher than -- than all
8 the other originators. Is that -- is
9 that something that would have -- would
10 have been earmarked for your review and
11 others at EMC?

12 MS. HAGGERTY: Yes, there was a
13 ranking of the originators, yes. That's
14 right.

15 MR. BORGERS: So you would see how
16 these -- these, collectively, all the
17 deals for a Fieldstone or for those that
18 have to do with some product in it, you
19 would see how many repurchases, how many
20 early payment defaults, how many, you
21 know, other defaults for these particular
22 loans, right?

23 MS. HAGGERTY: I'm just troubled by
24 your use of the word "deals" because the
25 folks at EMC were -- they had no idea

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 where the loans were. They could have
3 been sold to an individual investor, they
4 could have been in a hundred deals or in
5 one deal --

6 MR. BORGERS: Right.

7 (Indiscernible) --

8 MS. HAGGERTY: -- they didn't see at
9 the deal level.

10 MR. BORGERS: Yeah, and all -- all
11 I'm saying here is that for Fieldstone,
12 let's say, for example, if you saw a
13 hundred early payment defaults, that
14 could represent many different deals, but
15 it -- it could give an alarm that -- that
16 it was, you know, twenty percent higher
17 than most of the other originators under
18 the (indiscernible) program?

19 MS. HAGGERTY: Yes.

20 MR. BORGERS: Okay.

21 On the policy side, was there an
22 occasion that -- well, in the policies,
23 was it dictated that there -- if the
24 exception rate was -- was very high, that
25 the -- John or Pattie would have to

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 present those findings to you?

3 MS. HAGGERTY: I just want to -- I'm
4 going to parse the question a little bit,
5 because when we talk about exception
6 rates, we're typically talking about
7 situations where we're doing a sample due
8 diligence, because when you do a hundred
9 percent due diligence, you're, by
10 definition, not buying the ones that
11 you're rejecting, so you feel fine about
12 the pool that you have.

13 So exception rates tended to come
14 into play when we were doing a sample.
15 Typically, if the exception rate or
16 reject rate on a sample exceeded two or
17 three percent of the sample, then we
18 would typically expand the sample and
19 look at more assets to follow up on that.

20 MR. BORGERS: Now, would they --
21 when there was an increase in the sample
22 size, would they, Pattie and John, alert
23 you to the fact that this pool is -- is
24 developing higher than, you know, than
25 the normal exception rate?

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: They might have. I
3 mean I think that would depend on how big
4 the pool was. You know, if it was a --
5 if it was a really small pool, we
6 typically looked at all of the assets
7 anyway. I mean what's the point of doing
8 a sample on a twenty loan pool? Just
9 look at all of them. So they -- they may
10 have alerted me or they may have alerted
11 Baron.

12 MR. BORGERS: Okay. And -- and on a
13 hundred percent on the subprime side,
14 if -- if there were problems -- by
15 problems, meaning that there was -- the
16 credit issues were -- under the
17 underwriting guidelines were -- were not
18 being met with ten, twenty thirty percent
19 of the -- of -- of the entire universe of
20 loans, would -- would they bring that to
21 your attention, too?

22 MS. HAGGERTY: Yes.

23 MR. BORGERS: Okay. And -- and did
24 that happen often?

25 MS. HAGGERTY: No, but it did happen

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 from time to time. And if you have an
3 exception -- or you have a kick-out rate
4 that high, you know, the seller is not
5 very with you. And so you have
6 discussion and I would say generally, you
7 agree to disagree and the seller goes and
8 sells it to somebody else.

9 MR. BORGERS: Who were the biggest
10 sellers, originators, who had the -- you
11 know, the large kick-out rates?

12 MS. HAGGERTY: The one that comes to
13 mind on subprime was Quick Loan Funding.

14 MR. BORGERS: And would you
15 typically just refuse to bid on the -- on
16 the pool or would you possibly offer them
17 a discounted spread on it?

18 MS. HAGGERTY: Well, there's --
19 there's two different -- or a couple ways
20 to go about it.

21 One would be to just be clearer in
22 your up-front stipulations about the types of
23 loans you won't take so that, when you
24 bid them, there's no -- you know, Quick
25 Loan Funding understands that these are

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 your guidelines, you're not going to take
3 loans that don't meet them. So you can
4 be clearer about what those things that
5 caused you to kick them out on the last
6 trade were and tell them up front you're
7 not taking them and they can decided to
8 sell you or not sell you the pool.

9 With respect to discounting, that
10 was typically not done, with the
11 exception of the fact that EMC had a
12 separate line of business that bought
13 scratch-and-dent loans. Scratch-and-dent
14 loans are, by definition, have some sort
15 of defect and they're priced accordingly.
16 So as -- as kind of like a full service
17 to the seller, the EMC scratch-and-dent
18 desk would oftentimes bid the loans that
19 the regular, secondary market conduit
20 rejected. And the scratch-and-dent desk
21 would typically bid at a discount. And
22 those loans were separate and kept in a
23 separate business line and securitized
24 separately, or held in portfolio.

25 MR. BORGERS: On Bear Stearns'?

Page 132

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: At EMC, yes.

3 MR. BORGER: That's all the
4 questions we have right now.

5 MR. KREBS: I've got a couple.

6 For those -- in those instances
7 where Bear Stearns was purely an
8 underwriter, was not the seller, how is
9 it that ten percent sampling came to be
10 the norm?

11 MS. HAGGERTY: That's a good
12 question. I'm not sure I know the answer
13 as a general fact. I can give you my
14 impression --

15 MR. KREBS: Please.

16 MS. HAGGERTY: -- which is that it
17 just developed over time, from the late
18 '80s all the way through the 2000s as a
19 reasonable, random representation of the
20 pool.

21 And underwriters have an
22 underwriter's liability, and they just
23 charged some of that liability by doing
24 some due diligence and I think that it
25 was always our advice of in-house counsel

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

Page 133

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 that ten percent seems like an industry
3 standard that can get you there.

4 That's -- that's my best
5 explanation. It's by no means expert or
6 factual --

7 MR. KREBS: Well, what is your
8 reaction to this, then?

9 MS. HAGGERTY: What's that?

10 MR. KREBS: What's your reaction to
11 this, then? If I -- if you hire me to
12 sell your pool, I want to look at ten
13 percent, but if I'm selling it, I'm going
14 to go look at a hundred percent of the
15 loans. Now, I'm still the same
16 underwriter, still have the same
17 obligation. How is it that we have two
18 different standards here?

19 MS. HAGGERTY: Well, I think you
20 have to think about the size of the
21 originator that can do a securitization.
22 You know, when we talk about a hundred
23 percent of the -- of the loans, it's
24 mostly for smaller originators that don't
25 have the wherewithal to aggregate.

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 And Bear Stearns did not do a lot of
3 transactions with the big ones. We did a
4 couple of Fremont transactions where we
5 did a hundred percent due diligence, and
6 I think we maybe did a New Century
7 transaction, where we bought and did a
8 hundred percent.

9 So from -- from the question that
10 you're asking me, I -- I think that the
11 market -- or I'll back up and say it a
12 different way. An issuer that comes to
13 market month in and month out develops a
14 track record. And it's important to them
15 and their ability to continue to access
16 the capital markets to protect that track
17 record. So they're going to put loans in
18 the deal that perform to expectation.
19 And I believe that's the basis for a ten
20 percent sample, as opposed to that same
21 originator that then selects a pool to
22 sell as whole loans. One could think
23 that there's an adverse selection,
24 potentially, to the loans that they carve
25 out to sell as whole loans, which would

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 also necessitate wanting to do more due
3 diligence.

4 So I think it's really the track
5 record. I -- I think that, again, repeat
6 issuers that come time and time again,
7 you get a chance to see how the loan
8 perform, and it's all part and parcel of
9 the risk assessment.

10 MR. KREBS: Who were some of those
11 repeat issuers? Countrywide?

12 MS. HAGGERTY: Sure, yes.
13 Countrywide, Wells Fargo, RFC.

14 MR. KREBS: RFC? I --

15 MS. HAGGERTY: Yeah, RFC was
16 residential funding. It was subsequently
17 merged with GMAC and -- to form ResCap.
18 RFC was a very big Alt-A originator
19 before that, one of the earliest prime
20 jumbo conduit companies.

21 Washington Mutual certainly came
22 with their own deals. Bank of America.
23 Chase; how could I forget Chase?

24 MR. KREBS: Is it your -- is your
25 position here that WaMu was one of those

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 folks who, because they continually came
3 to market, were to be considered,
4 somehow, that only ten percent of their
5 loans needed to be reviewed?

6 MS. HAGGERTY: I don't know that we
7 did -- I don't -- I don't know what we
8 underwrote for Washington Mutual or not.
9 And, you know, you just asked me how did
10 it come about.

11 MR. KREBS: Yeah.

12 MS. HAGGERTY: I think that's how it
13 came about. I think there was an
14 industry standard over years and years,
15 really starting with the jumbo-A business
16 for ten percent. And I have no other
17 explanation beside that.

18 MR. KREBS: And I have seldom found
19 as articulate and as informed a witness
20 as you. And you've been very helpful to
21 us. And for that, I very much appreciate
22 it.

23 MS. HAGGERTY: Thank you.

24 MR. KREBS: So thank you.

25 MR. CUNICELLI: Yield spread

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 premium. Did -- on the stuff you
3 originate, did EMC Bear Stearns pay yield
4 spread premium to a broker or, say, an
5 ARM, as opposed to a fixed rate?

6 MS. HAGGERTY: Do me a favor and
7 define it, since -- because people use
8 that term --

9 MR. CUNICELLI: Sure a higher
10 percentage or a higher payoff for a
11 broker for, say, an ARM over a fixed rate
12 or for a higher rate over a lower rate
13 (indiscernible) --

14 MS. HAGGERTY: Yes. That occurred,
15 yes.

16 MR. CUNICELLI: Okay. Could you
17 give me -- you've -- you've talked about
18 some of the different shelves you had and
19 originate and purchase. Could you give
20 me, just, maybe percentages on how much
21 you might purchase of your portfolio --
22 or what you securitize, how much comes in
23 from purchase rather than originate?
24 Just so I get an idea of the universe.

25 MS. HAGGERTY: Yeah, that's going to

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 be very tough to say because we had huge
3 swings in some of --

4 MR. CUNICELLI: Change over time?

5 MS. HAGGERTY: Yeah, in some -- like
6 Countrywide could come with a billion
7 dollars, which just changes the
8 percentages really dramatically. But I -
9 - I think that I remember -- and this may
10 be in some of the -- the things that,
11 say, like a Warren Spector reported that
12 the percentage of what we did that we
13 originated ourselves or through the flow
14 conduit was something like ten percent
15 order of magnitude. I don't know that it
16 got much higher than that. Maybe twenty.

17 MR. CUNICELLI: Some of this stuff,
18 I think you might have answered in bits
19 and pieces. I'm just going to ask for
20 clarification.

21 When J.P.Morgan took over, there
22 were apparently a large amount of
23 seasoned loans in portfolio. Are you
24 familiar with that?

25 MS. HAGGERTY: Not with specificity,

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 but it would make sense to me that there
3 was, yes.

4 MR. CUNICELLI: What -- I guess,
5 just -- where -- why would those seasoned
6 loans have been held in portfolio your
7 best --

8 MS. HAGGERTY: Well, I think for the
9 reason that we discussed before is that
10 the securitization markets ended.

11 MR. CUNICELLI: Okay. So they just
12 got caught in the pipeline?

13 MS. HAGGERTY: Yes.

14 MR. CUNICELLI: Okay.

15 MS. HAGGERTY: There may have also
16 been seasoned loans that were acquired
17 when warehouse lines had to be foreclosed
18 upon. So we talked about Bear Stearns
19 Mortgage Capital Corporation extending a
20 warehouse line of credit to say, American
21 Home or Home Bank, who were mortgage loan
22 originators. And if -- if they went out
23 of business, they weren't able to sell
24 those loans and satisfy the warehouse
25 line, so they may have been foreclosed

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 off the warehouse line. And that -- that
3 would have been another source of whole
4 loan inventory.

5 MR. CUNICELLI: Okay. And I thought
6 I heard you answer this. I'm not a
7 hundred percent sure. The use of third
8 party due diligence firms --

9 MS. HAGGERTY: Um-hum.

10 MR. CUNICELLI: -- was that more
11 from a perspective of price negotiating
12 or was that more from a perspective of to
13 ensure the quality of the underlying
14 asset?

15 MS. HAGGERTY: It wasn't price
16 negotiation as much as variability in
17 staffing. So in other words, you're --
18 rather than having your own employees
19 handle these large bulk transactions that
20 may come in in a lumpy fashion -- you may
21 have an awful lot to do at one time and
22 then not so much to do at other times --
23 as opposed to flow, which may be more
24 steady. So in terms of just managing
25 staff and expense, it makes sense to

Page 141

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 outsource that type of activity.

3 MR. CUNICELLI: And Tom, I thought I
4 heard you phrase the question about what
5 was sampled and kind of -- what went over
6 the bridge as opposed to what went under
7 it. Are you satisfied with that?

8 MR. KREBS: If you've got a follow-
9 up question, (indiscernible) --

10 MR. CUNICELLI: Well, you know, if
11 you're doing a ten percent sample, I
12 guess ninety percent is getting through
13 unsampled. Ten percent's getting
14 sampled. I'm interested in, maybe, you
15 know, that ten percent gets kicked out.
16 And irrespective of what Clayton has,
17 let's just say it's -- it's all out, but
18 ninety percent of it, if it's a good
19 sample, it's present in the same
20 percentage in -- in the ninety percent
21 unsampled portion.

22 MS. HAGGERTY: That's why I said
23 when we do a sample, we say if we have
24 exceptions or error rates --

25 MR. CUNICELLI: Um-hum.

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

Page 142

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: -- more than three
3 percent of the sample, we would expand
4 the sample; we would do more work.

5 MR. KREBS: How much would you
6 increase the sample?

7 MS. HAGGERTY: We would probably do
8 like another ten percent. It would
9 depend on the error rate, quite frankly.

10 MR. CUNICELLI: I seem to recall you
11 saying that -- that a seller wouldn't be
12 happy with that, however.

13 MS. HAGGERTY: You know, it's kind
14 of -- that's beside the point. I mean
15 always, when we would do the
16 confirmations on a bulk or even in the
17 discussions when we'd talk about our
18 process, we would be very clear about
19 that. You know, you do -- a sample is
20 only as good as the result of the sample.
21 So to the extent that you're finding an
22 error rate -- to your point -- to your
23 point, if you kicked out all the entire
24 sample, you shouldn't buy the pool.

25 MR. CUNICELLI: Right.

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MS. HAGGERTY: Or you should just
3 look at every single one and pick the
4 ones that you want.

5 MR. CUNICELLI: Right. And in the
6 interviews I've done, that's -- I'm a
7 former auditor; I came in with that
8 expectation, but I haven't found it,
9 other than, maybe, here today.

10 MS. HAGGERTY: I'm surprised by
11 that.

12 MR. CUNICELLI: Yeah, yeah. And --
13 and I guess some of the reasons posted
14 for were well, it was a competitive
15 market and we didn't want to tick off the
16 seller, we wanted to still have these
17 tapes come to us, we still wanted to be
18 invited to bid.

19 But you're -- you're saying today
20 no, that -- that wasn't the case with EMC
21 or Bear.

22 MS. HAGGERTY: Correct, that to
23 everything that I was involved in in the
24 entire time I was there, that was never
25 the case.

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MR. CUNICELLI: And, routinely, when
3 there were error rates or -- or reject
4 rates above three percent or -- or so,
5 there -- there were expanded samples?

6 MS. HAGGERTY: Yes. Yes.

7 MR. KREBS: I know a little bit,
8 based on some discussion that I've had in
9 this building before, about the
10 compensation package at Bear. My
11 understanding is that it was a 250,000
12 dollar base some time -- and it changed
13 from 200,000 to 250, plus a bonus --

14 MS. CAREY: Senior managing
15 directors.

16 MR. KREBS: Sorry?

17 MS. CAREY: For senior --

18 MR. KREBS: Oh, that's right --

19 MS. CAREY: -- senior executives.

20 MR. KREBS: -- that's right.

21 MS. HAGGERTY: That was the maximum
22 base anybody could get paid.

23 MR. KREBS: Can you tell us a little
24 about your methodology of being
25 compensated? I'm not really interested

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 in how much you made; I just want to know
3 the methodology.

4 MS. HAGGERTY: Yeah, a base salary
5 and then a discretionary bonus. And,
6 from time to time, a portion of the
7 discretionary bonus would be paid in
8 restricted stock, in stock options and
9 cash. And the relative percentages
10 changed, depending on the overall
11 compensation level and from year to year.

12 MR. KREBS: Did the stock vest in
13 five years?

14 MS. HAGGERTY: For senior managing
15 directors, it did. Actually, it may have
16 vested in three and you couldn't get it
17 for five, or something like that. And
18 then for other employees, I think it
19 vested over three.

20 MR. KREBS: I -- I neglected the
21 most obvious question. What was your
22 title at Bear Stearns?

23 MS. HAGGERTY: At the end, senior
24 managing director.

25 MR. KREBS: Okay. Do you have any?

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 MR. CUNICELLI: I just had -- we
3 only touched on rating agencies. And I
4 was interested -- just how they fit into
5 this. What was their interplay with --
6 with the process that you described?

7 MS. HAGGERTY: The rating agencies
8 did a -- a number of things. One is, to
9 the extent that EMC was the servicer for
10 the loans, they came and did a servicer
11 review of EMC. It's -- I don't know if
12 it was annual, but it certainly was every
13 two years, if not annual. And that
14 involved, like, gathering a lot of data
15 about the servicing operation and coming
16 on site and interviewing the line
17 managers, et cetera. So that was quite
18 an involved process. And EMC was rated
19 as a subprime servicer, a special
20 servicer and a residential mortgage
21 servicer by Fitch, Moody's and S&P.

22 They also -- as part of that
23 presentation, we would present the
24 processes that we used in the flow
25 conduit and in the bulk conduit, in

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 general, for how to -- how we approved
3 sellers and how we did the due diligence
4 and how we did quality control reviews.
5 So that was presented to them as well.

6 And then S&P, in particular,
7 published their levels model. And we
8 used their levels model to help us
9 calculate the price adjustments that I
10 described for the Alt-A rate sheet. So,
11 for -- in other words, you would put in
12 attributes that would be your base loan:
13 a primary residence, full doc, single
14 family detached house, eighty LTV, let's
15 say. And that would tell you what credit
16 enhancement you needed for AAA for that
17 loan. Then you would compare that to
18 running the same thing, except it was
19 stated income --

20 MR. KREBS: Um-hum.

21 MS. HAGGERTY: -- and you'd look at
22 the difference in the AAA levels, ascribe
23 a value to that difference, and that's
24 how you could approximate what it was
25 worth to you and that price adjustment.

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 So we used the levels model to construct
3 that risk-based pricing that we offered
4 to flow sellers.

5 MR. CUNICELLI: And this is
6 iterative? The --

7 MS. HAGGERTY: Yes.

8 MR. CUNICELLI: Okay, so people at
9 EMC or at Bear or (indiscernible)
10 managing director at one of the rating
11 agencies --

12 MS. HAGGERTY: No, we could just use
13 the model.

14 MR. CUNICELLI: -- could just use
15 the model and it -- its output.

16 Kind of naive question, I apologize
17 up front, but I really don't know. If
18 you reject something from a pool --
19 you -- you talked earlier about scratch-
20 and-dent.

21 MS. HAGGERTY: Yes.

22 MR. CUNICELLI: Was that the status,
23 that it's a scratch-and-dent because it's
24 a reject or if it had to have some
25 impairment; it had to actually -- that

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 loan had to actually be in a non-pay
3 status for a while to be statused as a
4 scratch-and-dent?

5 MS. HAGGERTY: It didn't have to be
6 a non-pay to be statused as a scratch-
7 and-dent.

8 MR. CUNICELLI: Just, if it gets
9 jacked from a pool, it could be
10 considered scratch-and-dent?

11 MS. HAGGERTY: It could be, yeah.
12 And you would typically want to know
13 the -- the defect.

14 I mean in an -- in an extreme case,
15 let's say I kicked a loan out because I
16 only go to ninety-five CLTV on -- to
17 500,000 and this is 550, somebody else
18 might buy it as a -- as a good loan.
19 They just may have a different risk
20 tolerance than me.

21 So it doesn't necessarily have to be
22 a scratch-and-dent, but if there's some
23 sort of defect, it doesn't have to be
24 nonperforming to be scratch-and-dent.

25 MR. CUNICELLI: Right. That's all I

Page 150

1 FCIC INTERVIEW OF MARY HAGGERTY - 08/17/2010

2 have, Tom.

3 MR. KREBS: I have no more. Thank
4 you so much.

5 MS. HAGGERTY: You're very welcome.

6 MR. KREBS: We very much appreciate
7 it.

8 (End of interview)

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

C E R T I F I C A T I O N

I, Shalom Boroda, hereby certify that the foregoing is a true and correct transcription, to the best of my ability, of the sound recorded proceedings submitted for transcription.

I further certify that I am not employed by nor related to any party to this action.

In witness whereof, I hereby sign this date:
November 9, 2011.

Shalom Boroda

[& - ability]

Page 1

| | | | |
|----------------------------|---------------------|----------------------|---------------------|
| & | 133:1 134:1 135:1 | 2005 15:7 63:25 | 406 36:23 |
| & 48:16 | 136:1 137:1 138:1 | 64:11 84:2 124:17 | 4s 114:18 119:12 |
| 0 | 139:1 140:1 141:1 | 2005/2006 19:23 | 5 |
| 02 103:16 | 142:1 143:1 144:1 | 2006 15:7 35:5,16 | 5 63:19,20,21 76:18 |
| 03 93:10 103:16 | 145:1 146:1 147:1 | 35:19 38:19 45:10 | 5.6 87:22 |
| 04 88:22 | 148:1 149:1 150:1 | 64:5,11 68:6 80:17 | 5/1 15:16 |
| 05 15:16,18 68:11 | 1 | 84:3 106:17 | 5/1/05 15:23 |
| 07 89:12 90:7 93:10 | 1 9:17 15:11,15 | 2006-1 35:12,15 | 5/18 15:18 |
| 08/17/2010 2:1 3:1 | 17:19 18:9,9 56:10 | 2006-3 35:12 | 5/18/05 15:23 |
| 4:1 5:1 6:1 7:1 8:1 | 111:16,24 117:19 | 2007 35:6,21 38:20 | 500 20:10 21:6 |
| 9:1 10:1 11:1 12:1 | 117:20 118:16 | 41:20,24 57:20 64:5 | 42:21 |
| 13:1 14:1 15:1 16:1 | 10 87:22 | 64:12 73:7,8,14 | 500,000 149:17 |
| 17:1 18:1 19:1 20:1 | 100,000 54:19 | 80:25 88:18 90:3 | 520 21:4 42:21 |
| 21:1 22:1 23:1 24:1 | 1001 4:12 | 91:7 121:9,21 123:5 | 550 149:17 |
| 25:1 26:1 27:1 28:1 | 11 2:5 | 2007-2 35:20 | 6 |
| 29:1 30:1 31:1 32:1 | 11,000 115:5 116:8 | 2010 1:10 2:5 4:2 | 6 63:18 |
| 33:1 34:1 35:1 36:1 | 111-21 3:16 | 2011 151:15 | 6,800 115:17 |
| 37:1 38:1 39:1 40:1 | 120 84:19 | 24,000 64:12 | 6,848 116:11 |
| 41:1 42:1 43:1 44:1 | 12:13 67:20 | 250 144:13 | 60,000 115:11,14 |
| 45:1 46:1 47:1 48:1 | 132,000 64:11 | 250,000 144:11 | 600 21:6 76:18 |
| 49:1 50:1 51:1 52:1 | 144a 99:16,18 | 2s 55:4 110:7 | 61,000 64:12 |
| 53:1 54:1 55:1 56:1 | 15 3:25 | 2t 56:12 118:12,13 | 620 42:16 |
| 57:1 58:1 59:1 60:1 | 17 1:10 2:4 | 2w 17:24 18:16 | 680 42:18 |
| 61:1 62:1 63:1 64:1 | 18 4:11 | 113:22 114:15 | 681 56:22 |
| 65:1 66:1 67:1 68:1 | 1982 5:6 | 118:10 | 7 |
| 69:1 70:1 71:1 72:1 | 1985 5:11 | 2ws 56:16 119:14 | 7 87:22 |
| 73:1 74:1 75:1 76:1 | 1989 5:17 | 3 | 7,200 115:24 |
| 77:1 78:1 79:1 80:1 | 1992 6:22 | 3 17:19 18:9,12 19:6 | 7/31 90:6 |
| 81:1 82:1 83:1 84:1 | 1996 7:3 | 19:11,13 20:9 23:16 | 72,000 68:3 |
| 85:1 86:1 87:1 88:1 | 1s 110:6 115:13 | 34:7,8 49:2 56:10 | 72,379 35:7 |
| 89:1 90:1 91:1 92:1 | 2 | 109:22 112:3 | 8 |
| 93:1 94:1 95:1 96:1 | 2 17:19 18:9,10 | 117:23 119:10,11 | 80s 5:16 132:18 |
| 97:1 98:1 99:1 | 32:23 33:12 54:11 | 3.6 87:21 | 9 |
| 100:1 101:1 102:1 | 54:12 56:10 112:3 | 3/27 43:20 87:19 | 9 69:18 151:15 |
| 103:1 104:1 105:1 | 114:22 | 3/27s 43:23 44:23 | 92 5:19 |
| 106:1 107:1 108:1 | 2/28 43:20 87:19 | 3s 18:14 55:15,20,23 | a |
| 109:1 110:1 111:1 | 2/28s 43:23 44:22 | 56:6 103:10 110:7 | a.m. 2:5 |
| 112:1 113:1 114:1 | 200 9:17 | 116:14,21 | aa 101:15 |
| 115:1 116:1 117:1 | 200,000 144:13 | 4 | aaa 100:23 101:15 |
| 118:1 119:1 120:1 | 2000s 132:18 | 4 61:21 69:18 | 147:16,22 |
| 121:1 122:1 123:1 | 2001 7:4 8:19 | 113:25 114:2,15 | ability 81:8 98:14 |
| 124:1 125:1 126:1 | 2002 8:20 100:2 | 4,900 115:19,24 | 134:15 151:6 |
| 127:1 128:1 129:1 | 2003 41:20,24 45:10 | 4,923 116:11 | |
| 130:1 131:1 132:1 | | | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[able - audible]

Page 2

| | | | |
|---|---|---|---|
| able 105:11 139:23 accept 16:21 18:10 21:3,4 22:20,24 32:2 54:24 103:9 113:21 acceptable 24:25 29:16 53:10 57:11 58:25 114:11 accepted 34:9 42:3 accepting 22:5 access 134:15 accompanied 2:6 21:13 24:20 account 86:17 accounting 5:8,10 acknowledgment 74:4 acquire 9:15 10:17 88:17 acquired 8:24,25 72:3 91:18 100:7 139:16 acquiring 7:22 97:5 acquisition 60:11 68:23 73:4,9 75:19 88:19 101:5 121:11 action 151:11 activity 90:9 92:10 141:2 added 43:11 116:14 addition 52:19 70:18 72:13 81:20 82:17 additional 56:7 114:9 adjustable 11:19 43:24 85:9 87:18 98:12 99:4,5 adjustment 147:25 adjustments 88:14 147:9 adverse 75:5,9,14 134:23 adversely 95:5 | advice 132:25 advise 16:25 advised 4:9 advitech 72:22 96:23,25 advocated 26:7 aegis 4:11 affiliation 2:20 agencies 99:23 100:4 146:3,7 148:11 agency 4:9 10:10 100:8 101:18 aggregate 11:8 76:17 133:25 aggregates 10:25 aggregation 76:6 102:23 110:2 ago 105:23 agree 2:17 130:7 agreed 28:4 29:4,5 74:16 agreeing 110:3 agreement 13:21,22 14:3 25:9 26:11 27:7 71:2,3 74:12 75:8 93:24 110:5 ahead 15:8 alarm 126:7 127:15 albany 5:7 albeit 60:9 alert 128:22 alerted 129:10,10 allowed 78:9 alpha 113:21 alt 37:18 38:13 42:6 42:16 43:7 45:7 48:6 85:9,10,15 86:5,21,22 87:8,16 87:20,20 88:14 90:12 99:6,6 135:18 147:10 amalgamation 35:25 | amended 25:13,16 america 1:3 135:22 american 139:20 ameriquet 47:23 amortization 92:7 amount 22:13 31:24 32:2,4 138:22 amounts 87:23 analysis 54:7 annual 146:12,13 answer 23:16 58:4,6 91:4 109:20 132:12 140:6 answered 138:18 answers 85:21 anticipation 113:2 anybody 14:19,23 77:9,11 144:22 anymore 12:2 80:20 anyway 129:7 apart 123:11 apologize 70:4 113:13 148:16 apparently 138:22 appear 73:17 117:4 118:22 appeared 57:25 appearing 1:15 appears 15:13 16:22 111:5 appetite 78:13 application 81:24 appraisal 38:4 appraised 28:14 95:14 appreciate 5:2 105:20 136:21 150:6 approached 45:12 approval 71:14 81:22 83:15 124:13 approve 29:12,13,14 71:19 approved 15:2 52:4 52:23 69:13,14 | 70:12 82:6 147:2 approving 53:14 approximate 106:10 147:24 approximately 2:5 38:15 april 68:11 90:12 area 61:14,16 areas 42:25 arm 137:5,11 arms 44:24 87:21 arranged 98:24 arthur 5:9 articulate 136:19 ascribe 147:22 ascribed 101:19 asked 7:6 112:13 136:9 asking 67:25 134:10 assembled 40:23 assent 2:16 assessment 135:9 asset 43:13 73:23 92:20 111:17 140:14 assets 73:9 92:21 100:17 122:24 128:19 129:6 assist 40:6 associated 86:24 associates 48:21 assume 17:7 23:21 assuming 115:4 118:23 attempted 90:22 attend 30:15 attendance 4:3 attention 129:21 attorneys 2:9 attribute 21:21 attributes 11:15 20:21 86:25 87:11 88:8 147:12 audible 4:19 |
|---|---|---|---|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[auditor - brokers]

Page 3

| | | | |
|----------------------------|--------------------------|----------------------------|----------------------------|
| auditor 143:7 | based 22:2 38:7 | beginning 5:16 | blue 114:23,24 |
| august 1:10 2:4 | 51:4 54:25 55:10 | 39:19 40:9 124:10 | board 45:11 47:6 |
| automated 38:6 | 70:14 78:12 87:10 | 124:17 | bohan 36:18 |
| available 14:19,23 | 97:13 109:9 144:8 | behalf 1:15 | bolts 63:2 |
| 56:22 57:3 76:23 | 148:3 | belief 41:14 102:13 | bonus 144:13 145:5 |
| average 42:17 51:12 | basic 10:21 | 108:8 | 145:7 |
| 87:24 | basis 21:8 43:3 | believe 19:12,16 | book 46:2 |
| avms 28:17 | 59:24 95:6 122:3 | 28:13,24 30:23,24 | books 89:12 106:2 |
| avoid 104:14 | 123:20,24 124:3 | 35:4 49:20 51:3,23 | borgers 1:18 2:7 |
| award 12:12 | 125:18,22 134:19 | 52:7,12 62:20 72:23 | 48:16 61:11,19 70:2 |
| aware 49:14 50:8 | bb 101:15 | 82:12 85:20 88:21 | 79:10,18 120:15,23 |
| 62:4 102:22 | bbb 101:15 102:7 | 92:2 99:18 102:2 | 121:23 122:12,19 |
| awareness 105:14 | bear 5:11,20 6:9 | 107:17 109:10 | 123:2,14,18 124:6 |
| awful 140:21 | 7:11 13:3 14:8 | 112:24 115:20 | 124:18 125:14,25 |
| b | 16:20 19:10,21 | 120:20 134:19 | 126:15 127:6,10,20 |
| b 2:24 9:13 101:15 | 21:17 22:21 23:17 | bell 48:23 52:7,15 | 128:20 129:12,23 |
| bachelor's 5:8 | 23:18 27:11 29:8 | best 27:23 44:7 | 130:9,14 131:25 |
| back 5:13,19,20 | 33:13,20 34:8 35:6 | 74:13 78:23 133:4 | 132:3 |
| 20:2 24:15 25:12,13 | 36:6 38:18,22 39:3 | 139:7 151:6 | boroda 151:4,20 |
| 27:17 30:21 47:16 | 39:5,8,9,16,18 40:7 | better 26:5 105:11 | borrower 52:3 |
| 63:16 67:20 74:3,19 | 40:23 41:8 45:9 | bid 12:10,12,14,22 | 92:23 94:12,14 |
| 75:6 81:9,9 93:16 | 49:13,16 51:10 | 12:25 13:10 14:20 | 95:15,24 117:16 |
| 93:17,20,21 94:6,19 | 53:12 55:19 60:12 | 14:25 20:13,13,17 | borrowers 95:21 |
| 95:2,7 97:18 98:14 | 60:20 61:25 62:12 | 20:22,23,25 21:12 | bottom 42:17 56:18 |
| 104:9 121:6,19 | 62:23 63:23 64:2,10 | 21:18,22 22:2,6,8 | bought 8:17,20 45:9 |
| 134:11 | 65:3,17,19 66:5,11 | 22:10 24:4,4,12,19 | 47:17 48:9,18 65:4 |
| backed 5:21 6:10,16 | 67:4,22,24 68:6,18 | 24:24 25:3 48:6 | 91:23 92:2 98:9 |
| 7:17 89:19 90:19 | 68:22 69:2 70:8 | 51:24 63:11,13 70:9 | 104:12 131:12 |
| 97:3 | 73:2,4,8 75:18,21 | 70:9 107:22 130:15 | 134:7 |
| background 3:14 | 75:23 76:3 77:8,13 | 130:24 131:18,21 | boy 119:13 |
| 5:4 | 79:14,16,22 83:25 | 143:18 | bpo 37:7 |
| backs 96:18 | 84:6 85:23 89:11,21 | bids 10:19 12:8 | bpos 28:17 |
| balance 11:16 102:4 | 89:22 90:17 91:17 | 14:24 25:7 31:4 | breach 74:25 75:4,9 |
| banding 42:13 | 93:13 97:14 98:20 | 107:11 | 95:4 |
| bank 54:19 135:22 | 100:10 107:6 111:5 | big 5:10 48:4 85:24 | breaches 95:9 |
| 139:21 | 113:25 114:18 | 87:25 129:3 134:3 | 123:22 |
| bankers 82:12 | 115:7 119:9,12 | 135:18 | break 67:12,18 |
| banks 82:19,21 | 120:12,18,24 | biggest 130:9 | bridge 141:6 |
| baron 9:9,11,12 | 123:12 131:25 | billion 11:5 138:6 | bring 45:23 56:13 |
| 61:17 129:11 | 132:7 134:2 137:3 | bipartisan 3:18 | 129:20 |
| base 86:23 87:2,5 | 139:18 143:21 | bit 17:8 63:17 64:9 | broker 102:2,4 |
| 89:23 102:24 | 144:10 145:22 | 98:11 100:15 128:4 | 137:4,11 |
| 144:12,22 145:4 | 148:9 | 144:7 | brokerage 50:11 |
| 147:12 | began 93:16 106:9 | bits 138:18 | brokers 86:18 |
| | 106:10,13 | | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[brought - come]

| | | | |
|---|---|---|--|
| brought 40:19 67:5 bsam 90:6 building 102:24 144:9 built 8:21 64:25 bulk 10:23,24,24 11:10 20:16 33:9 45:23 60:14 65:19 68:18 70:5,6 72:4 72:25 75:12 77:15 78:10,12 79:8 119:17 120:17 124:19,22 140:19 142:16 146:25 bulks 46:9 bullet 18:18 20:7 22:17 62:15 63:10 business 10:21 14:7 25:18 41:23 45:21 76:14 77:2 80:13 81:3 82:24 103:17 103:19 124:4 131:12,23 136:15 139:23 buy 7:12 8:10,14,15 8:22 24:23 46:5 65:20,21 66:2,5,9 72:12 81:9 95:24 100:17 142:24 149:18 buying 92:4,7 96:10 96:12 128:10 bys 28:17 | callback 62:3 called 7:12 11:21 17:24 27:25 36:11 36:16 37:15 39:3 69:3 75:23,25 78:23 80:21 82:18 87:11 88:5,6 120:9 calling 69:20 capacity 11:7 46:3 capital 75:24 76:3 79:16 81:4,7,10,16 81:20 134:16 139:19 captive 38:23 captured 119:20 career 99:25 carey 3:5,5 10:11 50:16,18,21 63:19 113:9 144:14,17,19 carve 134:24 case 16:23 58:9,11 143:20,25 149:14 cases 29:21,23 86:8 cash 23:12,22,24,25 145:9 categorized 87:9 caught 139:12 cause 25:24 126:6 caused 94:11 131:5 causes 3:20 cdo 102:8 ceased 67:22 ceasing 124:4 cell 62:4 century 47:24 134:6 certain 11:2,14 12:9 26:25,25 60:20 62:25 69:17 71:20 73:9 111:3 113:4,20 123:25 124:2,5 certainly 22:12 24:8 46:5 64:15 82:9 89:24 91:10 106:17 135:21 146:12 | certainty 68:14 certify 151:4,10 cetera 146:17 chance 135:7 change 15:4,6,17 24:8 87:7,12 138:4 changed 6:12 40:12 71:3 119:21 144:12 145:10 changes 106:14 123:20 138:7 channel 69:3 77:20 77:23 channels 91:19 characteristics 56:21 57:2 characterized 87:9 charge 9:4 charged 3:19,23 132:23 chart 50:3 chase 3:8 135:23,23 chasing 44:18 chief 82:4 chiefly 85:9 101:4 choice 47:18 76:9,10 80:5,7 choose 70:9 chose 79:7 circulating 110:23 circumstances 13:10 55:2 58:13 clarification 138:20 clarity 125:15 classification 103:9 clayton 16:6 19:5 21:9 22:19,24 23:16 30:13,16 32:24,25 33:7 34:20 36:2,4 39:18 40:5,16,20 41:7,17 49:6,12 50:9,11 51:5,11 54:12 55:3 56:2,3,9 56:12 58:21 59:3,18 59:25 61:25 62:9,20 | 63:24 64:8,18,21,25 65:5,15,18 66:7 68:5 83:24 97:20,25 98:7 107:4,24 108:16,22 109:2,5 109:13,21 110:15 111:11 115:2 116:8 141:16 clayton's 17:14,17 clear 52:24 109:12 142:18 cleared 114:12 clearer 130:21 131:4 cleveland 5:17 client 16:17,20 17:14 52:4,23 109:2 114:10 clients 51:14 close 26:4 79:2 closed 83:18 110:8 117:15 closely 63:12 closer 104:21 closing 74:24 117:16 cltv 149:16 cltvs 21:19 22:18 code 4:12 coded 54:12 collapse 3:21,21 colleagues 92:14 103:20 collectively 126:16 college 5:6 columns 116:14 combined 42:7 87:13 come 22:15 27:17 40:6 43:21 47:15,25 49:16 55:15 57:6 63:16 79:23 91:10 93:4,12 103:18 108:15 121:19 128:13 135:6 136:10 138:6 |
|---|---|---|--|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[come - cut]

Page 5

| | | | |
|--|--|--|--|
| 140:20 143:17 comes 42:4 117:24 130:12 134:12 137:22 coming 4:25 146:15 comm 48:20,22 commencement 62:11 commission 1:4 2:4 3:23 4:3,7 10:15 commissioners 3:19 commitment 13:3,5 69:20 78:17,24 84:17 common 56:20 57:19 95:8 commonly 52:2 76:6 communicate 30:19 109:15 companies 7:12 82:16 83:9 96:24 135:20 company 36:10 37:15 39:2 41:2 72:21 75:23,25 80:21 82:15 88:17 91:18 94:15,16 117:17 compare 147:17 compared 51:11 comparing 29:18 31:18 120:19 compel 4:3 compensated 144:25 compensating 18:11 54:7,13,18 55:8 56:8 57:23 58:2 compensation 144:10 145:11 competitive 143:14 completed 26:14,15 73:8 compliance 17:22 28:6,20 53:21,24 | 117:12,20,22,23 complied 74:8 component 43:25 composing 3:24 concerned 57:18 103:21 116:6 concerning 4:13 concerns 59:23 conclude 110:21 conclusion 111:10 conditions 24:24 25:2 conduct 40:6 110:24 conduit 5:15 7:7,9 14:8 69:4,10,11,14 70:20,21 71:16,23 72:4 73:2 74:4,10 77:17 85:6,8 124:11 131:19 135:20 138:14 146:25,25 conference 83:16 110:10,12 confirm 45:14 115:23 confirmations 142:16 conformed 28:4 confusion 94:12 congress 3:25 connection 12:13,24 21:18 33:4,6,8 53:13 67:23 75:12 83:22 96:17 97:22 99:24 101:23 103:7 107:11 121:16 consent 2:13 conservative 32:15 considered 21:21 53:12,13 136:3 149:10 consists 3:18 constraints 18:15 construct 148:2 constructed 86:22 | consulting 99:23 contact 62:5,5 contain 13:15 contained 71:5 74:5 contemplated 12:17 context 34:3,5 50:19 contingent 26:19,23 continually 136:2 continuation 43:5 continue 40:17 134:15 continued 7:2 39:25 40:3 41:8 contradiction 22:9 contrary 16:25 control 72:14 74:20 74:24 83:11 95:3 96:19 104:7 108:17 121:24 122:4,22 124:8,21 125:3,4 147:4 convert 117:25 coordinating 103:6 copy 4:6 corp 39:4 corporation 75:24 76:2,4 79:17 139:19 correct 16:3,21 21:15 41:12 55:13 55:13 59:13,15 64:22 65:12 71:25 73:15 83:2 96:11 108:6 111:2 114:20 116:2 143:22 151:5 correctly 15:22 correspondence 108:25 109:3,6 cost 52:18 counsel 61:18 132:25 count 97:10 counted 56:16 countrywide 9:20 98:10 124:25 135:11,13 138:6 | couple 36:21 58:17 67:15 85:24 130:19 132:5 134:4 course 26:13 105:22 119:3 covenant 94:2 crashed 90:6 create 8:9 98:22 created 22:8 35:11 63:23,24 101:14 106:2 creating 8:5 credit 15:14,18 17:21 20:6,20 21:3 21:5,10 23:9 24:6 24:12,13 27:25 28:2 28:19 54:11 73:10 73:18 79:11 99:7 100:24 101:7,17,18 117:11 129:16 139:20 147:15 crisis 1:4 2:3 3:21 10:14 critical 61:23 76:12 cross 58:5 cunicelli 1:16 2:2,3 2:18,23 3:13 4:21 44:19,22 45:5 63:21 67:19 102:22 136:25 137:9,16 138:4,17 139:4,11 139:14 140:5,10 141:3,10,25 142:10 142:25 143:5,12 144:2 146:2 148:5,8 148:14,22 149:8,25 cure 109:21 current 82:15 curtail 123:25 customer 48:5 customers 76:16 cut 53:25 93:15 |
|--|--|--|--|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[d - ditch]

Page 6

| | | | |
|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| d | 104:6 121:7 | desire 4:8 | 41:7 45:16 49:24 |
| d 3:10 72:22 | defaults 126:3,5,20 | desk 8:11 9:7 28:2 | 51:5 55:21 59:25 |
| daily 59:24 60:4 | 126:21 127:13 | 68:25 69:21 84:17 | 60:21 61:12,14,16 |
| 62:17,18,22 69:15 | defect 131:15 | 100:10,14,15 | 61:25 62:9,11 66:8 |
| 89:23 | 149:13,23 | 131:18,20 | 66:19 67:9,24 68:8 |
| data 21:23 22:2 28:7 | deficiency 109:23 | detached 147:14 | 70:22 71:22 72:9,10 |
| 58:7 62:16 64:25 | define 137:7 | details 53:4 | 73:21,24 74:17 |
| 97:25 107:10 | defines 34:14 | detect 104:13 | 77:14,19 84:12 |
| 108:18 110:3 | definition 32:12,17 | deterioration 42:11 | 96:17 97:20,21 |
| 111:14,15 113:18 | 128:10 131:14 | 43:2 | 103:7 107:8,14,19 |
| 121:9,21 146:14 | definitions 112:23 | determination | 108:23 109:15 |
| database 38:7 | degree 5:8 | 103:8 | 110:4,15,22,25 |
| date 2:4 12:9 15:17 | delegated 81:14,17 | determine 38:9 68:2 | 111:10,11 114:6,19 |
| 16:2 113:10 151:14 | delinquency 94:10 | 74:18 97:18 | 123:21 128:8,9 |
| day 18:3 69:17 | 94:18 | developed 43:5 | 132:24 134:5 135:3 |
| 70:14 78:20 95:25 | delinquent 6:7 94:5 | 61:13,16 105:8 | 140:8 147:3 |
| 109:3,4 | deliver 71:6 79:3 | 132:17 | diligent 111:15 |
| days 69:22,23,23 | delivered 112:7 | developing 103:19 | direct 30:22 107:15 |
| deal 21:11 45:19 | delivery 69:22 83:20 | 128:24 | director 145:24 |
| 47:7 79:24 91:8 | demand 91:11 | developmental | 148:10 |
| 109:6,7 119:17 | dent 99:8 131:13,13 | 41:16 | directors 144:15 |
| 121:18 125:18,22 | 131:17,20 148:20 | develops 134:13 | 145:15 |
| 127:5,9 134:18 | 148:23 149:4,7,10 | devoted 84:4 | disagree 114:10 |
| dealer 102:2,4 | 149:22,24 | dictated 127:23 | 130:7 |
| dealing 113:13 | departed 41:7 83:25 | difference 29:21 | disappears 89:4 |
| deals 66:10 121:4,6 | department 5:22 | 59:18 85:14,15 | disclose 95:22 |
| 121:13 122:18,24 | 6:3,11,17 50:6 | 147:22,23 | disclosure 125:11 |
| 123:13 126:17,24 | depend 129:3 142:9 | different 6:20 12:7 | discount 131:21 |
| 127:4,14 135:22 | depending 11:6 | 14:5 15:25 27:21 | discounted 130:17 |
| dealt 51:20 | 25:14,16 31:12 | 31:21 60:9 77:2 | discounting 131:9 |
| debt 18:22 19:2 24:6 | 42:19 45:25 77:20 | 85:19 86:25 87:11 | discover 96:8,13 |
| 58:20,24 59:2 92:25 | 145:10 | 96:4 98:21 99:9,11 | discovered 95:19 |
| debts 95:22 104:19 | depends 20:13 | 127:14 130:19 | discretionary 145:5 |
| december 3:25 | describe 10:16,22 | 133:18 134:12 | 145:7 |
| decided 131:7 | 69:9 | 137:18 149:19 | discuss 49:13,17 |
| decision 54:24 55:7 | described 20:22 | differentiated 86:9 | 50:10 83:17 |
| 78:11 114:17 | 31:4,15 55:2 71:15 | differentiator 86:4 | discussed 77:15 |
| decisions 59:11 | 97:5 104:8 118:15 | 86:20 88:2 | 123:23 139:9 |
| 119:10 123:20,25 | 146:6 147:10 | diligence 12:18 13:7 | discussion 130:6 |
| 124:4 | describing 103:16 | 13:11 21:14 25:14 | 144:8 |
| decline 41:21 | description 92:17 | 25:16 26:15 27:10 | discussions 142:17 |
| dedicated 84:11 | 100:6 | 27:13,24 30:4,7,19 | disposition 112:3 |
| default 19:6 22:19 | designation 101:18 | 33:4,8 34:21 35:2,7 | distinguish 97:12 |
| 23:16 94:23 103:25 | designations 99:3,9 | 36:2,5 37:12,20 | ditch 105:14 |
| | 113:21 | 39:13,14,22 40:7 | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[division - exceptions]

Page 7

| | | | |
|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| division 6:5 | 96:16 97:20,21 | 23:17 29:11,19 | eric 3:9 |
| doc 43:7,12 92:18 | 103:6 107:8,14,18 | 33:13,20 34:9 36:6 | error 141:24 142:9 |
| 147:13 | 109:15 110:4,15,22 | 51:23,24 61:2 65:4 | 142:22 144:3 |
| document 16:5,9 | 110:24,25 111:10 | 69:3,6,8,20 70:8 | essentially 60:8 |
| 17:9 32:21 33:12,13 | 111:11,15,15 114:5 | 71:15,25 72:16 76:2 | established 3:15 |
| 34:12 35:11 49:5,10 | 114:18 123:21 | 76:15 78:5,8 79:14 | estimate 44:12,14 |
| 50:15 51:6,7 63:17 | 128:7,9 132:24 | 80:9 83:22 93:20,24 | et 146:17 |
| 63:23,24 113:10 | 134:5 135:2 140:8 | 94:4,4,5,16,17,19,23 | ev 19:6,11,12 20:9 |
| 118:15 | 147:3 | 94:25 96:20,22 | 23:15 116:14 |
| documentation 26:3 | e | 98:20 120:18 123:9 | evaluated 54:22 |
| 26:4 43:6 55:24 | e 2:23,24 3:3,6,7,10 | 123:17 125:21 | 73:19 |
| 92:17,19 109:11,19 | 3:12 9:10,10 30:8 | 126:11,25 131:11 | evaluating 57:16 |
| 112:20,24 113:4 | 30:10,24 72:22 | 131:17 132:2 137:3 | evaluation 107:7 |
| documents 28:10 | 80:24 110:13 151:2 | 143:20 146:9,11,18 | event 19:13,13 |
| 49:7 56:14 106:21 | earlier 8:17 43:7 | 148:9 | 98:16 111:16,24 |
| 118:18 | 63:14 71:15 96:20 | emc's 29:24 71:8,17 | 112:3 113:25 114:2 |
| dogging 85:12 | 99:25 103:14 | 102:4 | 114:15,18 115:13 |
| doing 6:17 8:9 64:11 | 148:19 | employ 68:23 | 117:22 119:10,11 |
| 68:8 80:12 91:19,22 | earliest 135:19 | employed 8:2 36:5 | everybody 25:20 |
| 96:16 105:7 124:4 | early 36:20 62:17 | 40:5 60:10 73:3 | 73:12 |
| 128:7,14 129:7 | 80:25 103:25 104:5 | 75:12 86:15,17 | exact 78:20 |
| 132:23 141:11 | 121:8,20 126:3,5,20 | 151:10 | exactly 13:8 39:20 |
| dollar 144:12 | 127:13 | employees 4:11 40:5 | 40:14 53:9,10 73:25 |
| dollars 11:4,5 54:19 | earmarked 126:10 | 71:25 96:22 140:18 | 84:14 90:13 91:4 |
| 81:12 138:7 | effect 75:5,10,16 | 145:18 | 92:8 93:6 106:18 |
| domestic 3:22 | efforts 36:2 78:23 | encore 47:18 51:18 | 107:16 109:9 |
| dramatically 138:8 | 93:17 | 52:2 73:10,18 79:11 | 123:18 |
| drive 28:17 38:8 | eight 5:10 84:16 | encore's 79:15 | examination 58:5 |
| dry 53:25 | 116:12,20 | ended 139:10 | examining 3:20 |
| dti 18:20 19:15 44:4 | eighty 46:23 54:17 | engage 38:18 | example 31:22 38:3 |
| due 12:18 13:6 | 86:2,6 147:14 | engaged 85:5 98:2 | 41:25 57:6 58:14,19 |
| 21:13 25:14,16 | either 12:20 29:13 | engagement 31:2 | 59:4 60:12 76:8 |
| 26:15 27:10,12,24 | 38:6 77:4 82:14 | 110:6 | 126:2 127:12 |
| 30:3,7,19 33:4,8 | 102:16 106:3 | engaging 25:21 | exceeded 128:16 |
| 34:21 35:7 36:2,5 | 108:13 114:9 | enhancement | excel 11:12 12:2 |
| 37:11,11,20 39:13 | elected 79:23 | 147:16 | 28:9 |
| 39:14,22 40:7 41:7 | element 62:25 | ensure 81:8 140:13 | exception 56:19,20 |
| 45:16 49:24 51:4 | eleven 51:12 56:23 | entered 13:23 70:25 | 57:19 124:23 |
| 55:21 59:25 60:21 | 116:13 117:2 | entire 121:4,12 | 127:24 128:5,13,15 |
| 61:12,13,16,25 62:9 | emc 7:12 8:22,25 | 122:13 129:19 | 128:25 130:3 |
| 62:11 66:8,19 67:8 | 13:23 14:6,10,11,13 | 142:23 143:24 | 131:11 |
| 67:24 68:8 70:22 | 14:16,20 15:2 16:20 | entirely 111:3 118:4 | exceptions 52:2 |
| 71:22 72:9,10 73:20 | 17:15 19:10,22 | entrust 80:22,23 | 56:24 58:12 109:12 |
| 73:24 74:17 77:14 | 20:22 21:25 22:4,7 | equity 99:7 102:14 | 141:24 |
| 77:19 84:12 94:3 | | 102:23,25 | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[exchanges - flow]

Page 8

| | | | |
|---|---|---|--|
| exchanges 110:14 exclusive 36:5 exclusively 51:3 executives 86:18 144:19 exhibit 15:11 32:23 61:21 63:18 114:22 existence 16:2 96:14 124:7,10 expand 128:18 142:3 expanded 144:5 expectation 134:18 143:8 expense 140:25 experience 82:3,7 109:10 experienced 95:10 expert 120:25 133:5 explain 77:21 explanation 133:5 136:17 extended 76:9 extending 139:19 extent 77:12 142:21 146:9 extreme 149:14 extremely 100:4 eyeballed 24:11 | factual 133:6 fair 91:6 false 4:13 familiar 17:16,18,23 19:19,19 24:2 32:25 37:2 55:17 92:13 107:2 138:24 families 60:13 family 6:25 7:13 9:25 10:2 60:13 101:12 147:14 fannie 10:9 34:3 far 56:20 121:7 122:12 fargo 9:20 48:2,4 98:10 124:25 135:13 fashion 140:20 favor 137:6 fcic 1:15 2:1,7,25 3:1,15 4:1,9,10 5:1 6:1 7:1 8:1 9:1 10:1 11:1 12:1 13:1 14:1 15:1 16:1 17:1 18:1 19:1 20:1 21:1 22:1 23:1 24:1 25:1 26:1 27:1 28:1 29:1 30:1 31:1 32:1 33:1 34:1 35:1 36:1 37:1 38:1 39:1 40:1 41:1 42:1 43:1 44:1 45:1 46:1 47:1 48:1 49:1 50:1 51:1 52:1 53:1 54:1 55:1 56:1 57:1 58:1 59:1 60:1 61:1 62:1 63:1 64:1 65:1 66:1 67:1 68:1 69:1 70:1 71:1 72:1 73:1 74:1 75:1 76:1 77:1 78:1 79:1 80:1 81:1 82:1 83:1 84:1 85:1 86:1 87:1 88:1 89:1 90:1 91:1 92:1 93:1 94:1 95:1 96:1 97:1 98:1 99:1 100:1 101:1 | 102:1 103:1 104:1 105:1 106:1 107:1 108:1 109:1 110:1 111:1 112:1 113:1 114:1 115:1 116:1 117:1 118:1 119:1 120:1 121:1 122:1 123:1 124:1 125:1 126:1 127:1 128:1 129:1 130:1 131:1 132:1 133:1 134:1 135:1 136:1 137:1 138:1 139:1 140:1 141:1 142:1 143:1 144:1 145:1 146:1 147:1 148:1 149:1 150:1 february 73:7,14 88:18 federal 4:11 feel 60:19 128:11 fell 64:8 81:4 felt 40:17 female 18:5 fence 79:12 fico 42:11,12,13 field 112:20 120:25 fields 112:16 fieldstone 51:19,20 51:22 125:16,25 126:17 127:11 fifty 19:11,14 122:8 figures 68:4 file 28:3,10 37:24 55:8 56:4,15 119:17 119:19 files 58:13 83:20 filled 81:24 final 33:15,20 35:9 109:5,25 111:5 115:4 116:7 117:19 117:19 118:24 finalized 27:8 finalizing 110:4 | finance 50:6 financed 96:3 financial 1:4 2:3 3:20,22 10:14 125:6 find 8:5 27:20 98:14 101:22 105:16 109:19 finding 59:4 114:10 142:21 findings 3:24 49:18 109:14 128:2 fine 117:25 128:11 firm 5:16,18 8:2 17:6 33:4,8 36:5 48:5 55:21 77:3 107:14,19 111:12 firm's 6:6 106:2 firms 5:10 37:20 38:5,23 43:18 97:21 107:6 140:8 first 4:16 6:21 8:20 18:18 35:4,15 61:22 62:2,14 68:6 80:15 84:2 85:25 87:14,16 93:23 94:3 122:7 fit 146:4 fitch 146:21 five 19:11,14 22:4 22:11 31:23,25 51:18 54:16 58:21 69:22 76:16 78:19 95:24 96:4,10 116:3 122:8 145:13,17 149:16 fixed 11:19 85:10 99:5,6 137:5,11 flow 10:22 69:4,10 69:11,13 70:11,20 70:24 71:16,23 72:4 73:2 74:3,10 77:16 78:11,12,16 79:5 84:10,15 85:6,8 91:19 120:16 124:11,20 138:13 140:23 146:24 |
| f | | | |
| f 151:2 facilities 75:22 facility 77:6 79:19 fact 22:16 56:11 58:11 64:3 93:15 95:18 128:23 131:11 132:13 factor 54:7,13,18 55:8 56:8 factors 18:11 26:18 26:21 53:11 57:24 58:3 facts 58:12 | | | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[flow - haggerty]

Page 9

| | | | |
|---|---|---|--|
| 148:4 focus 47:3 121:11 folder 106:5 folks 41:7 49:12 84:10 101:3 103:5 105:11,14 120:12 126:25 136:2 follow 77:25 123:3,7 125:16 128:19 141:8 followed 63:12 following 93:14,15 footnote 113:17 foreclosed 139:17 139:25 foregoing 151:5 forget 135:23 form 113:5 135:17 formal 124:16 format 101:10 formed 4:7 former 143:7 fort 120:8 forty 34:7 58:24 69:22 115:6 116:23 116:25,25 118:25 forward 78:21 100:2 forwards 94:17 found 51:18,19 95:4 102:2 136:18 143:8 four 6:24 7:13 10:2 13:4 60:13 96:14 101:12 115:10 117:10,25 fours 9:24 115:20 115:24 116:24 119:5 frame 90:20 100:3 106:17 frankly 22:23 60:3 125:3 142:9 freddie 10:9 free 77:8,10 | fremont 48:16,19 125:17 134:4 front 25:12,13,19 26:5,8 130:22 131:6 148:17 full 2:19 43:7 92:17 131:16 147:13 fully 44:9 funded 83:18 funding 48:10,14 84:18 130:13,25 135:16 funds 76:22 funnel 97:6 further 151:10 g g 3:3,3,10 30:10 gathering 146:14 general 45:10 47:13 60:18 71:7,9 76:13 90:12 98:24 104:4 122:6,10 132:13 147:2 generally 10:6 102:11 130:6 generated 39:15 49:6 64:6 72:25 73:18 generating 68:18 generation 51:7 getting 63:3 141:12 141:13 give 5:3 56:4,13 105:7,12 107:24 127:15 132:13 137:17,19 given 55:11 77:22 108:3 giving 105:4 gmac 120:7 135:17 go 4:22 7:21 8:9 13:4 16:11 20:5 32:4 38:5 44:21 72:7 86:18 97:18 | 98:14 101:13 116:6 119:23 130:20 133:14 149:16 goes 20:24 117:9 130:7 going 13:12 15:7,8 16:13 23:12 25:22 32:22,22 74:3 76:24 85:11 90:18 95:16 121:6 128:4 131:2 133:13 134:17 137:25 138:19 goldstein 3:9,9 good 4:22 70:13 73:11 80:19 132:11 141:18 142:20 149:18 grade 113:21 grades 113:18 gradual 106:12 graduated 5:5 granularity 88:16 great 2:18 20:3 greater 19:6,11 greg 62:5 grew 103:17 124:14 group 6:2,23 7:3 8:13 9:9 10:5 36:19 37:25 39:18 80:9 83:15 93:19 96:20 120:24 121:15,24 122:5 123:5,9,12,17 124:7,9,12 125:21 126:4 groups 124:13 grown 41:16 guess 15:8 23:18 139:4 141:12 143:13 guessing 17:8 31:12 guide 71:4,5 74:6 guideline 29:20 32:19 guidelines 14:15,17 14:18,22 15:4 17:3 | 28:5 29:4,6,7,9,12 29:15,19,22,25 31:8 31:8,18,20 32:3,10 32:14,18 42:14 44:8 55:12 59:2 63:11 71:11,13,17,20 73:20 74:5,8,16 83:13 107:21,24 108:3,4,12 129:17 131:2 h h 3:3 72:22 haggerty 1:9 2:1,8 2:12,14,17 3:1,2,2 3:15 4:1,20,23 5:1,5 6:1,12,19 7:1,10,20 7:24 8:1,17 9:1,2,8 9:12,16 10:1,2,7,20 11:1,23,25 12:1,5 12:15,19 13:1,2,18 14:1,10,16,22 15:1 15:5,12,20 16:1,4,8 16:15,18,22 17:1,7 17:12,18,21,25 18:1 18:4,21,24 19:1,2,8 19:16,24 20:1,8,11 20:15,19 21:1,15,20 21:25 22:1,23 23:1 23:6,14,20,24 24:1 24:7,14 25:1,4,7,15 26:1,2,17,21 27:1,6 27:19,22 28:1,12,21 28:24 29:1,10 30:1 30:5,14,17,22 31:1 31:9,11,17 32:1,11 33:1,2,7,16,18,22 34:1,2,11,15,17,23 35:1,10,17,22 36:1 36:3,7,10,15,20,25 37:1,4,6,13,17,23 38:1,11,21,24 39:1 39:2,6,8,12,17 40:1 40:9,13,22 41:1,10 41:12,19,24 42:1,12 |
|---|---|---|--|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[haggerty - implement]

Page 10

| | | | |
|--|--|--|---|
| 43:1,4,10,15,23 44:1,7,14 45:1,3,8 45:18,22 46:1,12,15 46:18,22 47:1,2,5,9 47:12,17,22 48:1,4 48:11,13,15,18,22 49:1,3,9,15,20,25 50:1,5,12 51:1,15 51:22 52:1,6,12,15 53:1,15,18,21,24 54:1,4,6,10,21 55:1 55:3,6,13,16 56:1 57:1,4,10,15 58:1,8 58:16 59:1,6,9,13 59:15 60:1,2,14,16 60:23 61:1,2,15 62:1,13,19,24 63:1 63:5,15 64:1,14,20 64:23 65:1,2,7,10 65:13,18,23 66:1,2 66:13,20,25 67:1,10 67:13 68:1,9,13,20 69:1,2,11 70:1,5,11 70:17,24 71:1,19,24 72:1,10,19 73:1,7 73:15,22 74:1,11,20 74:23 75:1,4,15,17 75:21 76:1,21 77:1 77:10,16,19 78:1,2 78:4,7,16 79:1,2,15 79:20 80:1,2,4,8,24 81:1,10,21 82:1,2 82:22 83:1,2,5,8,11 84:1,6,8,13,21,24 85:1,2,6,17,21 86:1 87:1 88:1,7,10,20 89:1,7,13,20 90:1,2 90:5,8 91:1,3,9,21 92:1,16 93:1,5,9,19 94:1,22 95:1,11 96:1,3,11,15,19 97:1,8,24 98:1,20 99:1,17,25 100:1,12 100:19 101:1,9,25 102:1,6,9,15,21 | 103:1,2,12,23 104:1 104:3,23 105:1,19 105:25 106:1,15,24 107:1,12,16,23 108:1,6,11,20 109:1 109:8,18,23,25 110:1,11,19 111:1,2 111:7,13,19,23 112:1,2,9,19,22 113:1,7,15,20,24 114:1,4,8,14,16,20 114:23,25 115:1,8 115:10,14,17,19,22 116:1,3,10,17,19,23 117:1,5,7 118:1,6,9 118:13,16,19 119:1 119:2,7,13,15 120:1 120:2,4,10,20 121:1 121:8 122:1,4,17,20 123:1,6,16,19 124:1 124:8,21 125:1,20 126:1,12,23 127:1,8 127:19 128:1,3 129:1,2,22,25 130:1 130:12,18 131:1 132:1,2,11,16 133:1 133:9,19 134:1 135:1,12,15 136:1,6 136:12,23 137:1,6 137:14,25 138:1,5 138:25 139:1,8,13 139:15 140:1,9,15 141:1,22 142:1,2,7 142:13 143:1,2,10 143:22 144:1,6,21 145:1,4,14,23 146:1 146:7 147:1,21 148:1,7,12,21 149:1 149:5,11 150:1,5 hand 15:17 16:12 handle 140:19 happen 55:20 80:15 117:14 129:24,25 happened 40:11 59:7 80:21 90:14,14 | 90:23 101:24 102:13 happening 90:11 104:25 happens 18:13 55:14 89:4 happy 142:12 harbor 52:4,22 hard 13:7 109:8 head 7:3 9:8 50:7 69:7 heading 16:17 18:19 heard 31:4 113:22 140:6 141:4 heated 79:6 held 102:16 131:24 139:6 help 15:10 105:15 115:8 147:8 helpful 105:4,17 136:20 high 52:18 64:2 81:11 127:24 130:4 higher 126:7 127:16 128:24 137:9,10,12 138:16 highest 51:17 highlighting 29:20 highly 110:12 hire 133:11 hired 39:17 hiring 108:16 hoepa 52:19 hold 11:8 83:15 home 6:22 38:4,10 48:2 87:3 99:7 120:12 139:21,21 homeowner 54:18 78:18 homeowners 86:16 hope 103:11 105:6 hours 13:5 house 61:18 72:18 132:25 147:14 | hud 82:6 117:19,20 118:16 huge 138:2 huh 20:18 31:10 52:14 53:20 78:6 114:7 hum 12:15 15:20 16:7 18:21 21:24 23:14 25:25 28:11 31:16 33:16 36:14 37:22 43:9 46:14 51:15 54:9,20 55:5 57:9 63:4,15 64:23 65:10 68:20 71:18 74:22 75:3,17 76:20 78:15,25 81:25 94:21 100:18 108:19 109:17 111:7 112:18 114:25 116:22 119:2 140:9 141:25 147:20 hundred 9:17 22:19 27:23 34:20,21,25 42:8 46:12 60:22 61:7 67:8 80:18,20 88:20 126:4 127:4 127:13 128:8 129:13 133:14,22 134:5,8 140:7 |
| i | | | |
| ias 111:16,22 idea 76:13 105:23 113:10 126:25 137:24 identifiable 113:5 imagine 9:21 10:4 immediate 6:8 impac 48:12,14 impact 49:17 87:2 impacted 95:5 impairment 148:25 implement 104:12 | | | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[important - kicked]

Page 11

| | | | |
|-----------------------------|------------------------------|-----------------------------|-----------------------------|
| important 134:14 | initially 5:13 116:19 | 79:1 80:1 81:1 82:1 | issue 122:16,18 |
| impression 32:7 | inquiry 1:4 2:3 | 83:1 84:1 85:1 86:1 | issuer 66:22 134:12 |
| 132:14 | 10:14 | 87:1 88:1 89:1 90:1 | issuers 135:6,11 |
| include 84:15 | insofar 21:22 | 91:1 92:1 93:1 94:1 | issues 100:21 111:16 |
| included 71:10 | instances 66:4,6,17 | 95:1 96:1 97:1 98:1 | 129:16 |
| 112:16 | 132:6 | 99:1 100:1 101:1 | it'd 49:20 105:3 |
| income 18:23 19:3 | institute 42:21 | 102:1 103:1 104:1 | item 109:5 111:21 |
| 43:8,13 44:15 57:20 | institutions 3:22 | 105:1 106:1 107:1 | items 83:19 |
| 57:24 58:10,19,20 | instruction 21:9 | 108:1 109:1 110:1 | iterative 148:6 |
| 58:22,23,24 59:2,20 | instructions 62:10 | 111:1 112:1 113:1 | |
| 92:4,18,22,23,25 | insurance 82:8,10 | 114:1 115:1 116:1 | j |
| 93:2 112:19 147:19 | 83:9 86:3,7 | 117:1 118:1 119:1 | j 3:7 |
| increase 42:24 44:6 | intensify 93:17 | 120:1 121:1 122:1 | j.p.morgan 2:8 3:3 |
| 44:24 45:7 103:25 | interest 11:17 52:3 | 123:1 124:1 125:1 | 5:24 106:4 138:21 |
| 104:3,5 128:21 | 52:22 78:13 79:8 | 126:1 127:1 128:1 | j.p.morgan. 5:23 |
| 142:6 | 86:23 87:8 | 129:1 130:1 131:1 | 120:6 |
| increased 42:3,8 | interested 141:14 | 132:1 133:1 134:1 | jacked 149:9 |
| 44:6 45:9 | 144:25 146:4 | 135:1 136:1 137:1 | jeff 6:14 100:12,14 |
| indebtedness 96:6 | interesting 113:16 | 138:1 139:1 140:1 | jens 3:7,7 |
| indexed 44:9 | interface 100:9 | 141:1 142:1 143:1 | jessica 3:5 |
| indicates 15:24 | 101:3 | 144:1 145:1 146:1 | job 6:15 7:4 62:2 |
| 63:10 | internal 62:20 68:8 | 147:1 148:1 149:1 | 93:20 |
| indiscernible 12:4 | internally 14:14 | 150:1,8 | john 30:6,9,11,21 |
| 22:15 27:5 48:25 | interplay 146:5 | interviewing 146:16 | 49:21,23 50:3,5 |
| 50:23 101:6 118:17 | interrupt 83:4,7 | interviews 143:6 | 59:12,20,24 60:5 |
| 127:7,18 137:13 | interview 1:9 2:1,11 | inventory 67:5 | 61:16 119:18,25 |
| 141:9 148:9 | 2:12 3:1 4:1 5:1 6:1 | 102:3 140:4 | 120:6 127:25 |
| individual 8:22 21:8 | 7:1 8:1 9:1 10:1 | investment 48:16 | 128:22 |
| 52:18 58:13 111:17 | 11:1 12:1 13:1 14:1 | 82:21 87:3 | join 10:11 |
| 111:20 119:17 | 15:1 16:1 17:1 18:1 | investments 6:7 | jpmorgan 3:8 |
| 121:4,6,13,18 122:5 | 19:1 20:1 21:1 22:1 | investor 87:6 89:23 | jpmsi 5:25 |
| 123:13 127:3 | 23:1 24:1 25:1 26:1 | 95:18 127:3 | jumbo 38:14 48:5 |
| individually 8:16 | 27:1 28:1 29:1 30:1 | investor's 32:16,19 | 98:9 99:5,5 124:23 |
| industry 10:6,8 23:2 | 31:1 32:1 33:1 34:1 | investors 11:11 12:7 | 125:8 135:20 |
| 31:13 41:22 43:3 | 35:1 36:1 37:1 38:1 | 12:9,10 70:8 76:25 | 136:15 |
| 51:12 81:16 120:24 | 39:1 40:1 41:1 42:1 | 82:19,20 98:19 | |
| 133:2 136:14 | 43:1 44:1 45:1 46:1 | invitation 24:19 | k |
| information 28:8 | 47:1 48:1 49:1 50:1 | 107:22 | k 2:24 72:22 |
| 56:7 71:5 107:3,5 | 51:1 52:1 53:1 54:1 | invited 143:18 | keep 47:10 60:4 |
| 114:9 123:15 | 55:1 56:1 57:1 58:1 | involved 14:6 26:19 | keeping 63:5 |
| informed 136:19 | 59:1 60:1 61:1 62:1 | 68:4 110:18 143:23 | kept 98:4 102:2 |
| infrastructure | 63:1 64:1 65:1 66:1 | 146:14,18 | 131:22 |
| 101:11 | 67:1 68:1 69:1 70:1 | irrespective 141:16 | kick 130:3,11 131:5 |
| initial 5:14 116:8 | 71:1 72:1 73:1 74:1 | ish 42:18 88:22 | kicked 141:15 |
| | 75:1 76:1 77:1 78:1 | | 142:23 149:15 |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[kind - liquid]

Page 12

| | | | |
|--|--|--|---|
| kind 11:18 31:15 60:5 88:15 99:10 100:5 131:16 141:5 142:13 148:16 knew 14:20 40:20 41:17 89:17 know 22:3 25:21 26:6 33:24 34:2,4 34:11 35:10,11,13 37:6 38:17 41:2 49:15 51:2,23 52:5 52:10 56:25 58:4,6 60:2 62:18,21,24 64:15 79:18 82:13 84:5 85:14 88:10,13 90:10 94:23 98:3,3 98:5,6,7 101:21 102:10,15 105:21 105:25 108:12 109:8 112:9,10,14 119:20,24 122:23 126:5,21 127:16 128:24 129:4 130:4 130:11,24 132:12 133:22 136:6,7,9 138:15 141:10,15 142:13,19 144:7 145:2 146:11 148:17 149:12 knowing 119:4 knowledge 30:23 31:6 37:10 51:21 65:16 90:17 102:12 119:8 knows 25:21 73:13 krebs 1:17 2:6,24,24 4:24 6:8,15 7:8,18 7:21 8:14,23 9:4,11 9:14,21 10:4,16 11:21,24 12:4,13,16 12:22 13:14 14:6,13 14:18 15:3,6,13,21 16:7,11,16,19,24 17:11,16,20,23 18:2 18:7,22,25 19:4,10 | 19:18 20:5,9,12,18 21:12,16,24 22:16 23:3,12,15,23 24:3 24:10,18 25:5,10,25 26:13,18,22 27:16 27:20 28:11,19,22 30:2,11,15,18 31:3 31:10,16 32:6,20 33:3,11,17,19,24 34:4,13,16,18 35:3 35:14,18,23 36:4,8 36:14,18,23 37:2,5 37:9,16,22 38:2,15 38:22,25 39:5,7,9 39:13 40:4,11,19 41:6,11,13,20 42:10 42:25 43:9,14,19 44:4,11,16,21 45:6 45:12,19 46:10,14 46:17,20,24 47:4,7 47:11,15,20 48:2,10 48:12,14,20,25 49:4 49:11,16,23 50:2,8 50:13,17,20,24 51:16,25 52:9,14 53:7,17,20,23 54:2 54:5,9,20,23 55:5 55:10,14 56:11 57:9 57:13,17 58:15 59:5 59:8,10,14,22 60:8 60:15,19,25 61:9,20 62:14,21 63:4,9,16 63:20,22 64:19,21 64:24 65:6,9,11,14 65:21,24 66:12,16 66:24 67:3,11,14,21 68:12,16,21 69:9,24 70:3,10,16,18 71:18 71:22 72:2,17,24 73:11,16 74:3,17,22 75:3,11,16,18 76:20 77:4,12,18,21 78:3 78:6,15,25 79:21 80:3,7,23 81:6,18 81:25 82:20,23 83:3 | 83:6,10,24 84:7,9 84:20,23,25 85:3,11 85:20 88:5,9,17,25 89:10,15,25 90:4,6 90:16 91:6,14 92:12 93:3,7,12 94:21 95:8 96:2,9,12,16 97:2,9 98:13 99:13 99:21 100:9,18 101:7,20 102:11,18 103:4,18,24 104:22 105:2,20 106:7,20 106:25 107:13,20 108:2,7,19,24 109:17,22,24 110:9 110:17,21 111:3,8 111:18,21,24 112:6 112:18,21 113:2,8 113:11,18,23 114:3 114:7,12,15,17,21 114:24 115:2,9,12 115:15,18,21 116:2 116:5,12,16,18,22 117:3,6 118:4,8,10 118:14,17,21 119:3 119:8,14,24 120:3 132:5,15 133:7,10 135:10,14,24 136:11,18,24 141:8 142:5 144:7,16,18 144:20,23 145:12 145:20,25 147:20 150:3,6 l l 2:23,23 3:10 9:10 30:10,10 large 9:19 79:19 86:4 101:2 124:23 125:7,9 130:11 138:22 140:19 larger 76:4 largest 10:8 76:17 late 94:17 132:17 | law 3:16,17 laws 56:21 lead 30:13 56:9 61:23,24 leading 118:17 learned 104:10 123:22 learning 104:11 leave 62:2,3 left 5:16 115:12 lenders 96:4 lending 52:18 75:19 letter 13:3,6 letters 105:3 level 21:21 28:8 56:19 71:23 82:3 98:4 100:6 117:23 121:18 122:25,25 123:10 124:9 125:3 127:9 145:11 levels 81:4,7,10,17 100:8 147:7,8,22 148:2 lewisville 69:5 120:5 liability 132:22,23 liaison 30:12 libor 87:21,22 liens 6:7 99:7 life 103:14 limited 100:5 linda 3:7 linden 48:20 line 10:12 33:14 35:8 52:17 64:10 76:8,10,22 77:4 78:5,8 79:13,16 82:11 93:11 112:12 131:12,23 139:20 139:25 140:2 146:16 lines 10:21 23:4 76:4,7 77:2 84:10 99:7 139:17 liquid 92:21 |
|--|--|--|---|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[list - mary]

Page 13

| | | | |
|--|--|--|--|
| list 20:24 64:2 listed 11:13 little 5:3 17:8 63:17 64:8 67:12 85:7 103:20 116:4,6 128:4 144:7,23 loan 6:22 9:14 11:18 12:21 13:20,22 17:5 21:21 22:13 25:9 26:11 27:7,25 28:3 28:8,10 31:24 32:2 32:4 34:6 41:8 42:2 42:7 48:10,17 53:7 53:10 54:15,17,25 56:21,25 57:7 60:11 64:9,17 70:25 71:2 72:4 74:11 75:6,6,8 75:10 78:18,21 79:24 81:7 86:2,5,5 86:15 87:13,23 93:24 94:4,6 95:2,6 95:7 107:6 108:5,9 112:3 124:9 129:8 130:13,25 135:7 139:21 140:4 147:12,17 149:2,15 149:18 loaning 77:6 loans 6:25 7:13,14 7:16 8:11,18,22,24 9:15 10:3,18 11:2,4 11:6,13,15 14:11 16:19 17:2,17 23:4 23:6 27:2,3 31:19 33:5,9 34:8,10,22 35:8 39:10,22 40:8 41:15 43:20 53:14 60:12,22 61:8 65:3 65:15,19,24 66:9,10 66:17,18 67:4 68:3 68:11,18,19,23,24 69:13,20,21 70:7,20 71:6,8 72:2,3,12,15 72:16,24,25 73:16 73:18 74:9,15,19,19 | 75:20 76:11,24 77:7 83:17 86:13 88:12 91:16,25 92:4,5,7 92:14 93:3,17,20,21 96:10 97:5,6,7 100:7 101:13 103:10,22 104:13 107:9 111:24 115:6 117:15 119:11,11 122:2,6,8,23 126:22 127:2 129:20 130:23 131:3,13,14 131:18,22 133:15 133:23 134:17,22 134:24,25 136:5 138:23 139:6,16,24 146:10 located 69:5 logistical 83:19 long 39:20 40:2 70:11,14 88:18 124:6 longer 89:17 look 15:8 16:10,12 18:18,25 19:4 21:10 22:17 24:16 33:14 50:14 56:5,18 57:13 63:9 64:9 80:16 105:19 113:15,16 115:3 119:23 121:15 122:7 125:18,21 128:19 129:9 133:12,14 143:3 147:21 looked 12:21 13:13 27:24 53:19 60:5 82:13 114:6,21 122:5,24 123:9,12 125:22 129:6 looking 9:23 15:25 111:4 122:13 looks 16:5 22:21 62:8 111:13 116:13 116:24 117:2 | loose 110:23 lot 7:24 43:21 52:9 85:18 86:25 87:9 90:8,11 92:9 134:2 140:21 146:14 lots 117:8 lower 31:25 42:23 137:12 lowest 51:19 ltv 22:3,12 31:23,25 32:5 42:24 80:18,20 147:14 ltvs 21:19 22:18 lumpy 140:20 m m 30:10 37:17 ma 52:3,7,12 mae 34:3 magnitude 84:14,19 138:15 mail 30:24 110:13 maintain 8:3 119:9 major 3:22 86:20 96:25 making 21:25 22:5 59:11 68:11 103:8 123:20,25 124:3 manage 7:6 manager 62:2 109:16 110:16 114:6,19 managers 30:8 146:17 manages 6:6 managing 63:2 140:24 144:14 145:14,24 148:10 mandatory 62:7 map 113:24 marano 6:13 7:5 march 6:3 90:11 mark 61:21 marked 32:23 | market 9:23 43:17 79:6 89:4,16,17 90:9,18,25 93:14 105:8 121:4 125:12 131:19 134:11,13 136:3 143:15 marketed 86:13 88:12 marketing 86:19 marketplace 86:12 markets 90:13 98:12 134:16 139:10 mary 1:9 2:1,8 3:1,2 4:1,24 5:1 6:1 7:1 8:1 9:1 10:1 11:1 12:1 13:1 14:1 15:1 16:1 17:1 18:1 19:1 20:1 21:1 22:1 23:1 24:1 25:1 26:1 27:1 28:1 29:1 30:1 31:1 32:1 33:1 34:1 35:1 36:1 37:1 38:1 39:1 40:1 41:1 42:1 43:1 44:1 45:1 46:1 47:1 48:1 49:1 50:1 51:1 52:1 53:1 54:1 55:1 56:1 57:1 58:1 59:1 60:1 61:1 62:1 63:1 64:1 65:1 66:1 67:1 68:1 69:1 70:1 71:1 72:1 73:1 74:1 75:1 76:1 77:1 78:1 79:1 80:1 81:1 82:1 83:1 84:1 85:1 86:1 87:1 88:1 89:1 90:1 91:1 92:1 93:1 94:1 95:1 96:1 97:1 98:1 99:1 100:1 101:1 102:1 103:1 104:1 105:1 106:1 107:1 108:1 109:1 110:1 111:1 112:1 113:1 114:1 115:1 116:1 117:1 118:1 119:1 120:1 |
|--|--|--|--|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[mary - notice]

Page 14

| | | | |
|--|--|--|--|
| 121:1 122:1 123:1 124:1 125:1 126:1 127:1 128:1 129:1 130:1 131:1 132:1 133:1 134:1 135:1 136:1 137:1 138:1 139:1 140:1 141:1 142:1 143:1 144:1 145:1 146:1 147:1 148:1 149:1 150:1 mass 52:8 76:12 massachusetts 52:13,21 53:19 master 13:21 match 29:24 56:21 57:2 matched 28:10 29:3 78:22 material 13:14 75:5 75:9,13 materially 95:5 materials 32:7 matter 60:18 64:3 122:10 maximum 22:10,13 42:2,7 54:14 144:21 mean 17:8 18:7 21:7 26:22 27:16 40:4,11 64:24 82:21 83:4,6 86:11 89:22 92:15 97:19 98:8 109:9,11 112:5 117:8 118:8 129:3,7 142:14 149:14 meaning 11:18 13:12 16:20 19:13 28:7 29:6 92:2 101:17 129:15 means 16:19 19:12 19:17 23:19,21 34:6 34:12 35:12,12 52:5 52:10 61:24 133:5 meant 85:22,23 meet 103:4 131:3 | meeting 50:9 73:19 99:22 110:10 meetings 100:3 mention 4:14,16 merely 14:7 merged 135:17 merger 5:22,24 message 62:3 met 49:13,19,21 129:18 method 97:17 methodologies 68:17,22 73:3 methodology 10:17 97:10 144:24 145:3 methods 97:4 middle 33:14 million 11:4 76:18 81:12 mina 1:19 10:13 mind 22:15 42:4 47:25 57:6 130:13 minimum 21:10 42:16,21 70:22 minutes 67:15 misrepresentation 104:18 missing 55:24 56:3 56:14 109:19 misstated 95:15 mix 98:8 model 147:7,8 148:2 148:13,15 modifications 30:3 modified 29:24 mongelluzzo 30:7,9 49:22 120:7 monitoring 80:11 123:9,17 124:11,14 124:15 125:21 month 45:25 134:13 134:13 moody's 112:8,16 146:21 | morgan 64:4 morning 4:25 62:2 62:17 mortgage 5:15,21 6:3,10,16,25 7:7,8 7:12,14,17 8:12 9:22 10:6 11:2,4,5 13:20,22 25:9 26:11 27:7 39:3,10 40:24 41:8,23 48:3 50:6 68:24 70:25 71:2 74:11 75:8,20,24 76:2,3 79:16 80:22 82:8,10,12 83:8 86:3,7 89:18 90:19 93:23 94:15,16 97:3 101:13 117:17 122:5 139:19,21 146:20 mortgagee 82:6 mortgageit 47:19,22 mortgageramp 37:15,16 mortgages 7:16,19 7:22 8:4 39:15 73:5 85:5 89:2,5,7 98:17 move 5:17 90:22 mutual 135:21 136:8 mystery 61:10 114:13 n n 2:23 3:7,10,12 9:10,13 30:10 80:24 151:2 naive 148:16 name 2:20,21 4:15 4:15 72:21 93:2 named 37:21 names 47:24 67:7 98:21 national 52:19 near 3:21 | necessarily 65:2 149:21 necessitate 135:2 need 40:17 106:23 115:23 125:2 needed 136:5 147:16 neg 23:6,10 43:18 negative 23:3 92:7 neglected 145:20 negotiate 25:19 negotiated 13:17,19 25:11 26:8,10 27:8 negotiating 140:11 negotiation 25:8 140:16 net 81:12 never 25:15 113:22 143:24 new 2:11 5:7,19 41:2 47:23 81:22 91:18 100:21 122:9 134:6 newsletter 104:16 123:24 newsletters 105:17 121:2 night 62:16 nine 33:21,22 116:23,25 ninety 22:4,11,11 31:23,25 141:12,18 141:20 149:16 non 10:10 102:24 149:2,6 nonenforcement 52:25 nonperforming 149:24 norm 132:10 normal 128:25 notation 119:19 note 60:17 notice 15:15 41:21 106:14 |
|--|--|--|--|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[noticed - particular]

Page 15

| | | | |
|---|---|--|--|
| noticed 41:25 notion 67:21 88:13 89:10 102:19 notwithstanding 34:6 november 151:15 nuances 85:19 number 6:19 11:2 15:11 32:23 44:11 44:13 48:25 62:3,4 70:7 80:4 90:21 91:23 98:21 99:3,9 101:2 104:5 118:24 126:2 146:8 numbers 66:15 nuts 63:2 | offices 2:10 official 1:7 offsite 30:16 oftentimes 12:23 13:21 18:14 29:17 131:18 oh 35:17 85:20 113:15 118:16,19 119:13 144:18 ohio 5:17 okay 2:18 3:13 4:20 4:23 10:20 11:24 16:8,15,18 17:11,20 18:4,10 22:6 27:6 27:19 34:4,15 35:17 35:22 36:3 37:5 45:5 46:20 47:9 53:15 61:19 65:13 67:11 68:12 78:2 83:5,10 108:7 113:8 113:23 115:9,14 116:16 117:5,7 127:20 129:12,23 137:16 139:11,14 140:5 145:25 148:8 old 94:14,16 ominous 18:6 once 45:24 69:14 ones 8:21 9:19 65:5 85:25 128:10 134:3 143:4 operated 5:15 75:22 75:25 operating 88:19 operation 7:10 8:21 40:10 50:10 69:4,6 69:7 71:8 80:10 84:5,15 103:15 121:11,20 146:15 operational 5:14 68:7 83:16 operations 39:19 67:23 opinion 59:18 | opportunity 56:5,13 109:19 opposed 99:15 121:12 134:20 137:5 140:23 141:6 option 71:12 77:22 options 145:8 order 72:12 84:14 84:18 138:15 organizational 50:3 original 11:16 originate 14:12 86:12 137:3,19,23 originated 40:8 83:18 91:17 138:13 originating 41:15 origination 14:7 17:6 38:23 41:2,9 41:23 46:2 60:11 121:19 originator 10:25 11:7,9 12:11 13:15 17:5 20:15,23 21:22 25:2 29:7 31:23 32:3,10 42:19 45:13 45:20,23 54:16 69:12,15,19 70:6,12 75:7 78:11 79:4,25 82:5 83:22 86:10,11 86:14,15 88:3 94:6 94:20 95:2 104:20 108:5,10 122:3,9,25 123:7,8,10 125:16 133:21 134:21 135:18 originator's 29:12 29:19,22,24 31:7,18 32:14,18 125:23 originators 7:15 8:4 9:14,19 10:18 32:13 40:24 76:5 79:7 81:2,7 82:7,10 93:18,21,22 122:2 123:4 124:2,5,23 125:5,12,22 126:8 | 126:13 127:17 130:10 133:24 139:22 outlined 70:15 output 148:15 outside 52:3,22 57:10 outsource 96:24 141:2 outsourced 96:23 outsourcer 72:20 outstandings 76:19 overall 46:8 51:10 145:10 overlay 31:14 32:8 32:17 overlays 31:5,9,11 override 63:11 overviewed 41:17 owner 89:8 |
| o | o 3:10,12 9:13 30:10 30:10 151:2 obligated 77:6 obligation 133:17 observed 43:2 obvious 145:21 obviously 32:25 104:20 108:24 115:23 occasion 127:22 occupancy 104:19 occur 55:23 62:25 occurred 91:12 95:20 137:14 occurs 74:23 offer 77:7,8,11 99:4 130:16 offered 70:6 77:13 148:3 offering 11:14 53:5 88:3 92:11 97:2 offerings 90:21 99:15,16,24 101:24 102:8 office 5:13 officers 82:4 86:15 | p | p 3:12 37:17 package 70:7 97:6 144:10 packaged 67:6 98:17 packages 33:9 45:24 page 33:12 50:14 paid 144:22 145:7 paragraph 61:22 parameters 8:10 53:9 57:11 parcel 135:8 parse 128:4 part 9:22 10:8 25:6 44:2 66:13,14 81:13 81:21 94:12 104:6 107:21 113:11 135:8 146:22 participates 110:16 particular 14:5 21:11,12,13 79:24 126:21 147:6 |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[parties - primarily]

Page 16

| | | | |
|-----------------------------|----------------------------|------------------------------|-----------------------------|
| parties 61:8 | percent's 141:13 | plausible 64:16 | possible 68:10 118:5 |
| partners 36:24 | percentage 13:12 | 110:13 | 118:7 |
| party 30:4 37:11 | 27:2 45:2 66:18 | play 19:21 43:22 | possibly 130:16 |
| 39:14 66:22 103:6 | 137:10 138:12 | 128:14 | post 74:23 |
| 140:8 151:11 | 141:20 | please 2:15,19,21 | posted 143:13 |
| paterson 3:11,11 | percentages 137:20 | 5:4 62:15 132:15 | potential 12:10 44:6 |
| pattie 30:6,8,11,21 | 138:8 145:9 | plus 116:11,14 | 118:24 |
| 59:12,13,20,24 60:3 | perfect 18:11 | 144:13 | potentially 134:24 |
| 61:17 119:18,24 | perform 72:20 | point 17:4 18:18 | practice 34:25 122:6 |
| 120:4 127:25 | 134:18 135:8 | 22:18 46:6 49:11 | 122:11 |
| 128:22 | performance 80:16 | 52:11 53:16,22 56:7 | precisely 118:14 |
| paul 2:9,10 3:6,10 | 80:18 120:16 121:3 | 56:11 62:15 63:10 | preferences 19:10 |
| 3:11,12 | 121:5,15,18 123:4,8 | 79:23 89:15 91:7 | 23:17 |
| pay 137:3 149:2,6 | 123:10,13 | 92:5 93:13 104:17 | premium 137:2,4 |
| payment 94:14 | performed 35:7 | 129:7 142:14,22,23 | preparatory 107:8 |
| 126:3,5,20 127:13 | 39:14 51:13 62:9 | points 20:7 53:24 | prepared 16:5 112:7 |
| payments 94:3 | 71:23,24 | policies 83:12 | preparing 33:5 |
| 104:2,6 | performing 67:24 | 127:22 | present 55:22 128:2 |
| payoff 137:10 | period 43:17 46:7 | policy 61:13,15 | 141:19 146:23 |
| people 14:24 41:15 | 46:16 51:14 69:17 | 127:21 | presentation 146:23 |
| 46:22 59:10 62:12 | 79:7 90:23 91:22,24 | pool 20:16,16,23 | presented 46:9,15 |
| 70:19 82:23 83:17 | 92:6 93:9,10,11 | 26:20 39:24 45:13 | 48:7 81:23 121:2,22 |
| 84:16,17,19 100:25 | 95:10 106:12 | 46:5 65:22,25 66:3 | 147:5 |
| 101:2 122:22 137:7 | periods 92:3 | 66:5,25 100:7 | presenting 21:23 |
| 148:8 | person 30:13 50:10 | 101:12 107:9 108:9 | president 3:17,25 |
| people's 47:18 76:9 | 61:24 | 122:13 128:12,23 | presumable 97:24 |
| 76:10 80:5,7 | personnel 84:3 | 129:4,5,8 130:16 | presumably 41:14 |
| percent 22:4,19 27:3 | persons 74:9 | 131:8 132:20 | 61:24 64:7 93:7 |
| 27:24 33:21,22 34:8 | perspective 140:11 | 133:12 134:21 | 96:9 98:3 111:8 |
| 34:21,25 42:8 46:8 | 140:12 | 142:24 148:18 | pretty 42:15 53:25 |
| 46:11 51:11,12 | ph 48:21 62:6 | 149:9 | 64:2 98:23 |
| 54:16,17 56:23 | philadelphia 120:8 | pooled 99:12 | prevalently 87:15 |
| 58:21,24 60:22 61:7 | phone 30:25 | pools 8:15,18 13:13 | prevent 104:24 |
| 66:23,24 67:8 78:19 | phrase 141:4 | 46:13,25 107:6 | price 69:21 86:24 |
| 80:18,20 86:3,6 | pick 67:14 143:3 | 125:9 | 87:7 88:14 140:11 |
| 88:21 115:6 116:4 | picture 85:25 105:5 | portfolio 45:2 | 140:15 147:9,25 |
| 116:25 118:25 | 105:8,10,12 | 131:24 137:21 | priced 88:12 131:15 |
| 127:16 128:9,17 | pieces 138:19 | 138:23 139:6 | prices 70:14 |
| 129:13,18 132:9 | piggyback 87:17 | portion 141:21 | pricewaterhousec... |
| 133:2,13,14,23 | pipeline 88:25 | 145:6 | 36:13 |
| 134:5,8,20 136:4,16 | 139:12 | position 7:2 50:4 | pricing 69:15 70:17 |
| 138:14 140:7 | place 19:21 108:5 | 135:25 | 70:19 87:10 100:17 |
| 141:11,12,15,18,20 | platform 100:6 | positive 40:16 | 100:20 101:5 148:3 |
| 142:3,8 144:4 | 121:12 | possibility 59:6,9,16 | primarily 99:19 |
| | | 59:21 | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[primary - really]

Page 17

| | | | |
|--|---|---|--|
| primary 87:4,5 95:17 147:13 | program 54:15 56:22 57:3 81:15,19 86:13 127:18 | purchasing 33:9 82:24 | 100:25 142:9 146:17 |
| prime 36:11,16 135:19 | programs 42:6 44:2 | pure 97:15 | r |
| principal 6:6 46:24 | project 85:13 | purely 132:7 | r 2:24 3:3,6,12 9:10 9:13 30:8 37:17 80:24 151:2 |
| principals 82:3,15 | proper 4:15 | purports 35:23 | random 132:19 |
| prior 18:15 26:11 42:22 73:22 82:16 88:19 121:10 | properties 95:24 | purpose 76:21 105:4 | ranged 9:18 |
| probably 61:21 84:2 85:18 119:16 142:7 | property 11:17 28:15 87:3 95:14,18 | purposes 7:23 12:18 73:19 107:7 | rank 18:16 |
| problem 113:12 | protect 134:16 | pursuant 74:10 | ranked 34:7,8 |
| problems 104:13 129:14,15 | protocols 27:13 123:21 | pushing 56:17 | ranking 17:17 126:13 |
| procedure 72:7,8,9 72:11 | provide 4:6 56:6 107:13 | put 68:7 74:18 75:6 93:17,20 94:6,19,25 96:17 104:9 134:17 147:11 | rate 11:17,19 33:15 33:20 43:24 44:6,9 46:8 51:10,17 70:15 78:14 79:9 85:10,10 86:21,22,23 87:2,5 87:8,19 98:12 99:5 99:5,6,6 115:4 118:24 127:24 128:15,16,25 130:3 137:5,11,12,12 142:9,22 147:10 |
| proceedings 151:7 | provided 28:8 30:6 32:7 62:22 64:7 70:21 107:3,5,18 108:8,10,21 109:4 | puts 20:16 | rated 101:15 103:10 146:18 |
| proceeds 79:9 | provider 30:4 37:7 39:10 | putting 95:7 | rates 121:7 128:6,13 130:11 141:24 144:3,4 |
| process 14:9 45:17 60:9 62:11 71:7,9 81:22 142:18 146:6 146:18 | providers 37:12 39:15 103:7 | pwc 36:17 | rating 99:23 100:3,8 101:18 146:3,7 148:10 |
| processes 146:24 | providing 74:9 | q | ratio 19:3 42:3 43:11 54:15 57:8 58:20,24 86:6 87:14 92:5,14,16,20 93:2 |
| product 14:25 23:7 27:13 38:14 43:11 43:12,13,16 47:17 48:7 51:24 65:7 66:21 80:19,20 82:25 85:9 86:19 87:19 88:4 98:8,24 99:8,11 122:25 124:24 125:8 126:18 | public 3:16 5:10 | qualify 44:10 | ratios 42:8 86:2 |
| products 6:2,5 10:3 43:6,16 84:22 85:2 85:4,10 92:9 98:9 124:2 | publish 14:16 | quality 72:14 74:20 74:24 83:11 95:3 96:19 103:21 104:6 121:24 122:4,22 124:8,21 125:3,4 140:13 147:4 | reaction 133:8,10 |
| production 4:4 112:4 125:23 | published 18:8 147:7 | quarter 35:4,5,15 35:19,21 38:19 68:6 84:3 | read 61:22 115:8 |
| products 6:2,5 10:3 43:6,16 84:22 85:2 85:4,10 92:9 98:9 124:2 | purchase 13:20,22 23:22,25 25:9 26:11 26:19 27:7 65:19 68:17 71:2,3 73:23 74:12 75:8 83:23 85:5 93:24 137:19 137:21,23 | question 38:3,17 44:18 61:11 68:2 79:10 85:12 103:11 128:4 132:12 134:9 141:4,9 145:21 148:16 | reading 15:22 115:12 |
| professed 108:4 | purchased 36:12 61:8 65:17 67:4 72:16,25 125:10 | questionable 53:8 | ready 89:2 90:22 |
| profile 15:14,18 23:9 | purchaser 14:10 18:14 60:24 61:3 101:23,25 | questions 16:13 109:20 110:23 120:13,16 132:4 | realized 91:8 |
| | purchasers 102:20 | quick 48:10 130:13 130:24 | really 4:25 29:17 45:3 46:4 58:6 |
| | purchases 23:13 60:14 72:5 75:13 77:15 93:16 | quickly 117:18 | |
| | | quinlan 62:6 | |
| | | quite 60:19 80:14 81:2 98:11 100:14 | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[really - reviews]

Page 18

| | | | |
|--|--|---|--|
| 73:11 78:12 99:10 124:15 129:5 135:4 136:15 138:8 144:25 148:17 reason 32:16 59:3 81:13 93:23 94:9,25 139:9 reasonable 57:21,25 58:2,10,22,23 68:15 132:19 reasonableness 59:19 reasons 93:22 104:8 117:9 143:13 recall 19:22 20:4 21:19 24:6,7,10,17 28:15,18 38:16,21 39:20 40:14 45:4 46:7 48:8 49:9 50:12 52:20 73:25 79:20 80:17 84:8 106:15 120:22 121:8 142:10 receive 79:12,13 107:10 received 24:20 111:9 recipients 77:5 recollection 16:9 19:25 27:23 42:15 44:8 52:24 61:6 74:14 recommendations 80:12 record 2:16,20 67:20 82:14 125:5 134:14,17 135:5 recorded 2:13 151:7 records 4:5 97:13 106:3 119:9 red 9:13 reduced 43:6 reducing 91:23,25 92:10 | refer 52:23 reference 71:4 112:15 references 82:17 referred 76:6 101:16 referring 122:18 refi 23:24 refuse 130:15 regarding 74:7 register 71:6 registered 101:23 registering 69:21 registrations 99:20 regular 131:19 reject 18:12 19:14 22:22 27:3 35:9 53:9 54:25 103:9 115:3 128:16 144:3 148:18,24 rejected 19:15 27:3 65:20 115:5 131:20 rejecting 53:14 128:11 rejection 33:15,20 115:17 rejections 115:18 rejects 16:17 66:3 116:8 relate 78:4 related 109:3,6 119:10 151:11 relationship 81:3 relationships 8:3 11:11 relative 145:9 relatively 9:22 remain 89:8 remember 13:8 40:2 84:13 91:4 93:5 138:9 remembering 37:7 remind 4:17 rep 95:4 | repeat 135:5,11 report 3:24 49:18 62:18 111:5 112:4,6 112:17 reported 50:7 69:7 138:11 reports 49:5,8,14 50:11 62:17,22 98:7 112:8 represent 35:14 50:25 127:14 representation 74:25 132:19 representations 74:7 represented 45:16 95:16 representing 56:23 reps 13:16,18 14:2 25:5,10,17,17 26:7 26:24 74:12 95:9 123:22 repurchases 122:14 122:15 126:19 require 92:23 required 26:4 86:7 109:12 requirement 81:5 requirements 52:20 81:19,20 82:5 res 39:5,8,9,16,19 40:7,23 41:8 67:24 68:6,18 73:2,8 83:25 84:6 91:18 rescap 135:17 research 110:22 121:14 123:12 residence 87:4 95:17 147:13 residential 6:25 7:14 39:3 76:2,15 78:5,9 101:12 135:16 146:20 residual 102:14 | respect 24:5,12 27:10 31:7 50:4 53:7 60:20 62:8 63:25 67:3 77:15 83:20 90:25 91:14 92:10 102:18 108:11 131:9 response 22:20 24:22 104:10 responses 4:19 31:3 responsibilities 7:5 responsible 6:24 30:12 49:23 80:10 100:16,20 101:4 103:5 122:15 restricted 145:8 restrictions 71:21 result 17:19 142:20 resulted 58:20,23 90:20 results 30:20 40:15 120:22 retail 86:14 retain 105:24 revenue 63:25 64:6 64:7 review 17:2,2 21:14 25:14,17 28:3,6,7 28:14 29:3,11 37:24 38:7 40:16 60:21 71:16 72:11,14,18 74:21,24 95:3 104:7 107:25 108:16 109:4,6,7 111:10 122:14 125:4 126:10 146:11 reviewed 64:18,21 65:5,15,18 66:10 83:12,14 115:25 136:5 reviewer 56:3 59:19 reviewing 33:5 71:7 121:25 reviews 30:16 51:13 51:18 57:20 84:18 |
|--|--|---|--|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[reviews - sent]

Page 19

| | | | |
|---|---|---|--|
| 96:21,22 124:9 147:4 revised 15:15,23 rfe 135:13,14,15,18 right 15:9,16 16:6 16:12 19:5,7,18 25:3 26:16 33:11 34:16,22 35:8,9 37:8 38:10 39:6 41:19 44:17,17 47:11 50:13 53:23 54:6 55:14 61:10 63:14 64:13,14 67:16,19 68:14 70:3 77:25 83:3 90:10 94:5 106:4 109:25 111:12,18,19,25 112:21 113:7,24 115:13,21,22 116:7 116:17,18 119:7 123:14 124:19 125:19 126:14,22 127:6 132:4 142:25 143:5 144:18,20 149:25 righted 94:13 ringing 52:7,16 rings 48:22 risk 52:25 57:12 78:13,14,23 79:9 87:10 135:9 148:3 149:19 rmbs 89:18 90:18 97:3 room 73:13 routinely 144:2 rule 66:22 rules 52:18 run 62:16 running 41:3 147:18 | s&p 112:8,16,19,22 113:3,5 146:21 147:6 safe 52:3,22 safest 78:19 79:4 salary 145:4 sale 11:3,8 saleable 102:24 salespeople 8:2 sample 12:17,20,24 66:8 72:15 128:7,14 128:16,17,18,21 129:8 134:20 141:11,19,23 142:3 142:4,6,19,20,24 sampled 141:5,14 samples 144:5 sampling 132:9 satisfied 141:7 satisfy 139:24 saw 43:2 87:15 89:16,21,24 104:3 127:12 saying 22:5 35:3 59:7 118:2 127:11 142:11 143:19 says 15:16,17 16:17 16:24 18:19 19:5,8 20:9,12 22:18 33:15 51:9,25 56:19 58:21 61:23 62:15 116:7 schedule 63:7 score 20:6,20 21:3,5 21:10 42:11 scores 42:12,14 scratch 99:8 131:13 131:13,17,20 148:19,23 149:4,6 149:10,22,24 sears 30:6,8 120:4 seasoned 40:24 138:23 139:5,16 sec 99:19 second 6:21 35:5,18 35:20 38:19 44:20 | 50:14 64:3 86:9 87:3,6,17 94:3,25 99:6 secondary 131:19 seconds 87:14 secret 18:8 section 4:12 secured 10:3 securities 3:3 5:21 6:10,16 7:17 8:15 89:19 90:19 97:3 98:22 100:21 securitization 6:23 7:22 8:13 9:5,6,9 14:8 68:24 76:12 89:18 121:17 133:21 139:10 securitizations 33:6 91:2 122:21 securitize 7:16 99:2 99:4 137:22 securitized 7:19 9:3 39:11 65:4,17 67:6 73:6 89:3,6,8 97:7 98:18 99:12 125:10 131:23 securitizing 6:24 see 16:16 20:6 22:24 23:8,10,15 28:3 29:3 33:17,19,21,22 42:10 43:20 44:24 45:6 51:9,16 56:6 62:14 87:14,16,20 95:11,13,23 103:25 105:3 106:9,11 112:15,19 121:5 126:4,15,19 127:8 135:7 seeing 103:22 113:6 117:10 seek 94:23 seen 16:8 17:9 24:11 49:6 104:18 segregating 99:11 | seldom 136:18 select 77:23 selected 77:20 selection 12:11 134:23 selects 134:21 sell 10:8 45:13 69:13 69:14,19 70:13,20 76:24 77:7 78:9,10 78:12,18,21 79:5 80:19 100:21 117:18 124:3 131:8 131:8 133:12 134:22,25 139:23 seller 13:23 14:11 14:25 17:3,13 21:23 51:23 55:22 56:5 70:25 71:4,4 74:6 78:7 81:22 97:16,23 107:6,15 108:9,21 109:16,18 110:15 124:12 125:20 130:4,7 131:17 132:8 142:11 143:16 seller's 17:3 71:16 71:20 sellers 7:15 46:25 51:18 71:12 76:23 80:11 93:25 94:2 104:16 121:25 130:10 147:3 148:4 selling 8:6 11:10 17:14 133:13 sells 45:23 130:8 send 11:12 12:6 38:8 62:15 senior 100:13 101:10 144:14,17 144:19 145:14,23 sense 13:8 17:13 31:14 62:13 139:2 140:25 sent 94:14,15 |
| s | | | |
| s 2:24 3:7,10,12 9:10 9:10 30:8,8 80:24 | | | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[separate - stearns]

Page 20

| | | | |
|---|--|---|---|
| separate 37:25 123:11 131:12,22 131:23 separately 131:24 september 89:12 series 24:3,11 service 131:16 servicer 146:9,10,19 146:20,21 servicing 69:6,8 83:21 94:11 146:15 set 14:16 22:8 107:24 111:6 settle 25:24 settled 13:25 settlement 26:12 71:9 73:23 seven 51:11 116:13 seventy 54:16 shaky 53:4 shalom 151:4,20 shape 124:17 share 123:15 sheet 13:25 14:4 69:16 70:15,17,19 86:22,22 102:4 147:10 shelf 98:21,25 99:3 99:3,9,19 shelves 137:18 shelves 98:23 shifted 7:5 shifting 101:11 show 32:22 56:9 showed 74:25 108:22 showing 49:4 61:20 shown 97:14 121:9 shows 63:24 94:18 side 5:14 15:17 25:6 48:6 49:24 54:11 72:9 79:12 87:19 127:21 129:13 sign 151:13 | signed 3:16 26:24 27:8 78:10 silverstein 9:10 simhai 1:19 10:13 10:14 29:2 simplest 101:9 single 12:20 143:3 147:13 sit 20:3 24:14,16 64:14 89:13 90:13 119:22 site 39:18 59:25 146:16 sitting 28:16 37:10 106:18 120:5 situation 10:25 61:4 69:12 104:21 situations 128:7 sixth 22:17 sixty 19:6 69:23 116:20 size 9:18 11:6 12:23 46:2 128:22 133:20 small 5:18 9:19 10:5 129:5 smaller 9:22 10:5 76:23 87:24 133:24 smoothly 41:4 snoopy 9:13 sold 94:4 98:18 102:7,17,19 125:24 127:3 somebody 10:11 38:8 56:13 62:6 78:21 130:8 149:17 someplace 106:6 sorely 105:2 sorry 7:17 20:20 47:6,9,20 70:3 73:12 83:3 84:22 91:5 144:16 sort 28:13 82:14 94:11 131:14 149:23 | sound 151:6 sounds 18:5 68:13 68:15 source 140:3 speaker 18:5 special 146:19 specialized 100:22 100:24 specific 16:17 23:7 29:8 61:6 100:7 112:23 123:4 specifically 20:2 27:15 42:4 47:3 48:23 106:16 124:24 specificity 90:5 102:16 103:3 138:25 specified 22:22 specify 12:23 13:6 14:4 spector 138:11 speed 40:20 spell 2:21 4:16 spoke 6:14 74:21 100:14 spoken 30:25 63:13 spread 130:17 136:25 137:4 spreadsheet 11:13 28:9 spreadsheets 12:3 springtime 91:12,15 stability 125:7 staff 4:10 39:17 40:20 71:15 105:15 140:25 staffing 140:17 standard 24:5 26:3 75:7 81:16 133:3 136:14 standards 14:21 19:20 24:21 41:18 41:22 45:15 60:10 70:22,23 133:18 | standing 70:13 stands 52:7,12 stanley 64:4 start 2:22 7:6 10:24 started 6:21 8:19 68:10 85:13 91:10 124:16 starting 136:15 starts 86:23 startup 40:25 state 2:19 5:6 92:23 stated 43:8 57:20 58:10,19,22 59:20 92:18 147:19 statements 4:13 states 1:3 4:10,12 52:17 static 42:15 stating 92:24 status 148:22 149:3 statused 149:3,6 statute 3:16 4:6 stayed 39:21 42:15 116:21 steady 140:24 stearns 5:12,20 6:9 7:11 14:8 19:22 21:17 22:21 23:18 27:11 29:8 34:9 35:6 36:6 38:18,22 39:3 45:9 49:13,17 51:10 53:12 60:12 65:3 67:22 68:22 69:2 70:8 73:4 75:18,21,23 76:3 77:8,13 79:14,16,22 89:12,21,22 90:18 93:13 98:20 100:10 107:7 111:5 113:25 114:18 115:7 119:9 119:12 120:12,18 120:25 123:12 131:25 132:7 134:2 137:3 139:18 145:22 |
|---|--|---|---|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[step - three]

Page 21

| | | | |
|---|--|---|--|
| step 8:5 124:16 steps 7:25 stip 21:12,22 22:10 stips 20:13,14 21:18 22:8 24:4,4,12 25:3 63:11,13 130:22 stipulations 20:24 stock 145:8,8,12 stop 69:24 80:12 stopped 92:3,6 street 77:9,11 stringent 32:9 structure 100:25 structured 5:25 6:5 studies 120:17 121:2 stuff 60:5 137:2 138:17 subject 25:8 subjected 66:19 73:20,24 77:14 submission 12:25 113:3 submit 14:20,24 71:13 submitted 13:15 83:12,14 122:8 151:7 subordinate 101:11 subprime 15:14 23:8,9,11 24:6,13 27:12,14,17,22 28:13,25 34:24 38:11 41:25 42:18 43:25 44:3 47:3,4,8 47:14 48:7,9,24 50:19,24 51:3 60:21 67:10 82:9 84:24 85:4,7,16,25 86:10 86:13,19,21 87:15 87:17,17,25 88:3,16 99:2 129:13 130:13 146:19 subsequent 13:24 subsequently 39:11 65:16 67:6 102:7 | 135:16 subsidiary 7:11 sudden 89:3 summary 51:13 111:17 summer 91:13,15 superimpose 105:9 supervisor 6:9 suppose 97:17 sure 4:18 5:5 15:22 24:15 27:6,16 28:22 34:17 41:3 46:10 49:3 53:17 56:2 59:5 67:13 73:13 88:9,21 102:5 106:24 107:16 112:4,5 120:2 132:12 135:12 137:9 140:7 surprise 23:10 120:11 surprised 22:24 143:10 swings 138:3 system 113:20 t t 3:3,10,12 9:10 72:22 80:24,24 118:19 151:2,2 table 117:16 take 10:19 16:10 21:10 31:25 67:12 78:13 79:8 124:16 130:23 131:2 taken 12:24 77:24 talk 8:6 27:14 37:19 83:19 86:16 105:11 128:5 133:22 142:17 talked 54:8 137:17 139:18 148:19 talking 17:4 37:20 37:23 47:12 50:18 89:23 112:25 128:6 | tangible 81:12 tantamount 29:18 tape 11:22 12:5,6 22:4,12 24:21 28:9 107:10 tapes 12:2 143:17 tax 6:7 team 40:22 89:21,22 teaser 44:5 telephonic 110:10 110:12 telephonically 1:18 1:19 2:7 tell 24:15 26:20 52:11 67:25 78:3 85:3,22 90:3,15 92:8 96:4 106:9,18 119:22 131:6 144:23 147:15 ten 3:18 66:23,24 129:18 132:9 133:2 133:12 134:19 136:4,16 138:14 141:11,13,15 142:8 tended 42:16 53:25 87:24 128:13 tenure 6:20 36:12 79:21 term 13:25 14:4 17:24 31:13,13 32:8 55:18 75:11 92:12 137:8 terminated 81:3 terms 21:11 31:6 42:14 43:15 64:5 100:15 140:24 testimony 4:4 32:24 35:24 testing 117:21,22 texas 69:5 120:5 thank 4:24 15:12 67:17 136:23,24 150:3 thanks 45:5 | thing 8:8 42:6 43:4 54:22 55:25 58:18 78:19 79:4 86:9 91:21 95:20 98:6 147:18 things 6:20 11:16,20 22:14 24:8 25:23 29:15 55:18 58:17 85:24 94:19 95:13 96:7 104:9,9,11,15 104:17,25 105:13 117:13 123:22 131:4 138:10 146:8 think 9:18 10:7 15:19 31:11 34:23 36:25 37:13 42:5,18 42:19,24 46:3,6 50:24 53:5 58:9,11 59:16 60:2,3,6,6 63:18,19 66:20 67:9 68:9 81:14 83:25 85:17 89:20 95:12 100:15 108:13,14 110:11 112:10 114:22 122:9 129:3 132:24 133:19,20 134:6,10,22 135:4,5 136:12,13 138:9,18 139:8 145:18 thinking 124:24 thinks 109:21 third 30:4 37:11 39:14 61:8 63:9 66:21 94:3 103:6 111:21 140:7 thirty 69:22 129:18 thomas 1:17,18 thought 54:13 140:5 141:3 three 5:18 20:6 29:15 110:17 114:5 116:12 117:9 128:17 142:2 144:4 145:16,19 |
|---|--|---|--|

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[thumb - underwriter]

Page 22

| | | | |
|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| thumb 66:23 | touched 106:22 | true 94:23 124:22 | 117:14 128:6,15,18 |
| tick 143:15 | 146:3 | 151:5 | 129:6 130:15 |
| tie 109:7,7 110:2,22 | tough 38:17 138:2 | trust 101:13 | 131:10,21 149:12 |
| time 2:5 4:16 6:12 | track 82:14 125:5 | try 4:17,17 | u |
| 6:13,22 13:10 19:24 | 134:14,16 135:4 | trying 18:17 58:7 | u 2:23 30:10 80:24 |
| 23:2 24:9,9 26:14 | trade 13:5 14:5 21:8 | 68:2 105:7,9 | uh 20:18 31:10 |
| 39:25 40:12,15 42:2 | 25:20,22,23 26:10 | ts 119:4 | 52:14 53:20 78:6 |
| 42:5,9,20 43:11,17 | 26:13 70:13 131:6 | turn 77:25 87:7 | 114:7 |
| 44:25 46:6,16 47:23 | trader 22:7 100:13 | 89:16 119:10 | ultimate 44:5 |
| 47:23 49:12 53:13 | traders 100:16,20 | turned 116:24 | ultimately 7:18 8:23 |
| 61:18 67:22 69:18 | 100:22,23 101:4 | twenty 13:4 46:8,11 | 73:5 |
| 71:3 79:7,23 87:13 | trades 13:24 | 46:18 58:21 76:16 | um 12:15 15:20 16:7 |
| 89:16 90:2,20,24 | trading 8:11 100:10 | 76:16 122:7 127:16 | 18:21 21:24 23:14 |
| 91:7,22,24 92:3,6 | 100:14 121:16,17 | 129:8,18 138:16 | 25:25 28:11 31:16 |
| 93:10,10,13 95:10 | traditionally 43:24 | two 10:20 23:4 34:7 | 33:16 36:14 37:22 |
| 95:21,23,23 96:18 | trail 44:18 | 37:14 45:24 55:9 | 43:9 46:14 51:15 |
| 99:18,18 100:2 | trailing 109:11 | 59:10 75:21 77:2 | 54:9,20 55:5 57:9 |
| 102:25 103:13,13 | 118:19,20 | 93:22 115:6,15 | 63:4,15 64:23 65:10 |
| 103:18 106:8,10,12 | tranche 102:14 | 116:13,25 117:24 | 68:20 71:18 74:22 |
| 106:17 119:21 | tranches 100:23,24 | 118:25 120:19 | 75:3,17 76:20 78:15 |
| 120:21,21 130:2,2 | 101:7,14,17,22 | 124:13 128:16 | 78:25 81:25 94:21 |
| 132:17 135:6,6 | 102:8,14,23,25 | 130:19 133:17 | 100:18 108:19 |
| 138:4 140:21 | transaction 60:7,7 | 146:13 | 109:17 111:7 |
| 143:24 144:12 | 61:5 63:6 119:17 | type 11:17 23:7 | 112:18 114:25 |
| 145:6,6 | 134:7 | 54:21 66:21 92:17 | 116:22 119:2 140:9 |
| times 4:14 140:22 | transactions 36:22 | 96:7 98:24 111:14 | 141:25 147:20 |
| timing 73:11 | 37:14 38:12,16,18 | 112:20,24 141:2 | unclear 50:21 |
| title 145:22 | 134:3,4 140:19 | types 11:19 22:14 | underline 29:5 |
| today 20:3 24:14,17 | transcript 1:7 | 65:8 85:3 91:25 | underlying 140:13 |
| 37:11 89:14 90:13 | transcription 151:5 | 94:18 99:11 104:13 | understand 24:18 |
| 106:19 119:22 | 151:8 | 104:25 107:4 | 38:2 40:4 46:11 |
| 143:9,19 | transcriptionist | 130:22 | 66:12 84:25 103:11 |
| today's 2:4 | 2:22 | typical 42:20 56:4 | 105:6 118:11 |
| tolerance 149:20 | transfer 83:21 94:11 | 66:22 67:2 81:16 | understanding 51:8 |
| tolerances 31:5 | transferred 5:25 6:4 | 107:17 108:15 | 99:14 144:11 |
| tom 2:6,7,24 6:13,17 | transmitted 30:3,20 | typically 11:10,12 | understands 130:25 |
| 7:5 50:16 69:25 | 59:23 111:14 | 13:2,6,20 19:2 23:7 | understood 34:19 |
| 113:9 120:13,14 | travels 85:18 | 26:6,17 27:11 30:17 | 55:11 58:8 125:12 |
| 141:3 150:2 | trending 49:5,7,14 | 34:24 38:13 55:20 | undertake 104:24 |
| top 15:15 16:16 | 49:18 50:11 | 60:17 61:7 81:11 | undertaken 74:18 |
| 18:19 51:17 | trickle 90:20 | 82:6,13,18 83:14 | underwrite 44:9 |
| total 33:20 116:8,10 | tried 37:14 104:11 | 87:12,23 92:20 | underwriter 66:11 |
| 116:20 | triggered 51:6 | 93:25 94:10,19 | 97:15,15,16 132:8 |
| touch 62:12 98:15 | troubled 126:23 | 95:13 97:8 109:14 | 133:16 |
| | | 110:19 112:10 | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[underwriter's - yeah]

Page 23

| | | | |
|--|---|---|--|
| underwriter's 66:8 132:22 | uw 23:19 | 118:24 | went 5:6,8,11 22:8 60:17 72:11 81:9 86:12 93:21 139:22 141:5,6 |
| underwriters 84:16 132:21 | v | waivers 33:24 34:2 51:9 55:15 56:19,22 57:23 | whereof 151:13 |
| underwriting 14:14 15:3 19:20 23:18 24:21 28:5 29:4,6 31:8 41:22 45:15 55:12 60:10 70:23 71:10,13 74:5,8 81:15,17 83:13 84:4 84:11 97:22 107:20 108:12 129:17 | v 9:10 72:22 valuation 28:23 37:24 38:4 value 19:13 28:14 38:9 42:2,7 54:15 57:7 86:2,6 87:13 95:14 147:23 variability 140:16 variables 21:17 varied 27:13 42:18 46:4 60:3,6 66:20 variety 67:7 92:11 vendors 37:12,25 verbal 2:15 4:19 verification 43:13 92:4 verified 92:20 verify 45:14 92:21 92:22 verschleiser 6:14 100:13 versus 120:17 vest 145:12 vested 145:16,19 victor 1:16 2:2 view 124:25 volatility 90:24 93:14 volatility's 90:10 volume 65:3 91:10 104:4 volumes 45:8 64:9 64:18 119:6 125:8 | waives 18:14 wamu 135:25 want 25:23 31:25 41:2 56:2 88:22 91:3 93:15 108:17 128:3 133:12 143:4 143:15 145:2 149:12 wanted 14:19,23 113:3 143:16,17 wanting 45:13 135:2 warehouse 46:3 75:19,22 76:14,22 77:6 78:5,8 79:13 79:15 82:11,19 139:17,20,24 140:2 warranties 13:16,19 14:3 25:5,11 26:8 26:24 74:6,13 95:9 123:23 warranty 75:2 95:4 warren 138:11 washington 120:8 135:21 136:8 watterson 36:11,16 way 3:14 25:18 26:9 60:17 88:11 99:10 116:7 117:15 119:4 132:18 134:12 ways 130:19 we've 31:4 37:21 77:14 103:15 114:12 week 117:24 126:6 weeks 45:24 weiss 2:9,10 3:6,10 3:12 welcome 150:5 wells 9:20 48:2,4 98:10 124:25 135:13 | wherewithal 133:25 whoever's 17:14 wholesaler 86:17 wide 43:3 widely 18:8 win 46:8 withdraw 44:17 witness 136:19 151:13 witnesses 4:4 wnt 115:19 116:14 won 46:18,22 word 90:10 126:24 words 119:18 140:17 147:11 work 5:9,11 8:12 9:6 25:22 26:9 37:25 40:7 41:9 63:3,6 71:10 121:14 142:4 worked 5:18,20 50:5 110:20 working 6:2 works 120:6,7 worth 11:4,5 81:12 147:25 would've 49:21 wrong 44:18 |
| underwritings 97:19 | w | | x |
| underwritten 72:6 74:15 | | | x 1:2,20 27:3 |
| underwrote 136:8 | | | y |
| undisclosed 104:19 | wait 39:23 | | y 3:3,6 |
| unidentified 18:5 | waive 54:3 59:3 | | yeah 9:12 10:3,9 16:23 23:23 26:22 33:18 37:13,17 39:7 40:13 47:4 50:17 54:5 58:8 59:14 60:15 64:20,23 80:24 84:7,9 96:2 |
| united 1:3 4:10 | waived 34:9 52:2 56:23 57:19 59:17 115:7 | | |
| unites 4:12 | waiver 34:5,12 51:10,17 55:16 56:20 115:3,4 116:7 | | |
| unity 48:20,22 | | | |
| universe 129:19 137:24 | | | |
| university 5:7 | | | |
| unrated 101:16 | | | |
| unregistered 99:15 | | | |
| unsampled 141:13 141:21 | | | |
| unusual 22:25,25 23:22 87:16 | | | |
| upload 111:15,16 113:19 | | | |
| use 14:2 15:10 31:6 31:19 32:8 33:3 36:18,23 37:9 44:4 44:5,12,25 45:7 76:10 98:22 126:24 137:7 140:7 148:12 148:14 | | | |
| usual 23:25 | | | |
| utilize 9:15 21:17 36:9 75:18 | | | |

VERITEXT REPORTING COMPANY

212-267-6868

www.veritext.com

516-608-2400

[yeah - z]

96:15 104:22
 106:20 109:24
 111:23 114:3,23
 115:15 116:13
 117:8 118:7,9,21
 119:11,15 123:19
 127:10 135:15
 136:11 137:25
 138:5 143:12,12
 145:4 149:11
year 6:4 145:11,11
years 5:19 88:22
 105:23 136:14,14
 145:13 146:13
yield 136:25 137:3
york 2:11 5:7,19
young 5:9

z**z** 30:10,10